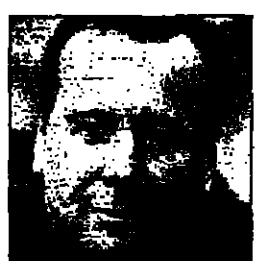




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# FT

FINANCIAL TIMES

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The third man back in the limelight

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How the hairy ape went bald

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## Yeltsin pledges to serve a full term as crisis deepens

Chernomyrdin scrambles to build coherent economic strategy

By John Thornhill and  
Christina Friesland in Moscow

Russian president Boris Yeltsin last night defiantly declared he would serve out the rest of his elected term of office, rebuffing pressure to stand down before June 2000.

"I am not going to resign. I am going to work," he said in a television interview. "As is laid down according to the constitution, in 2000 a new president will be elected and I will not take part in that presidential election."

Mr Yeltsin's comments came as Victor Chernomyrdin, acting prime minister, scrambled to put together a coherent economic programme to tackle Russia's deepening crisis and to win parliamentary backing for his government in a vote on Monday.

Russia's leading businessmen, the so-called "oligarchs", are lobbying the government to put Boris Yeltsin, a prominent reformer, in charge of economic policy. They are also behind an

### Dollar tumbles

The dollar yesterday became the latest victim of the global market turmoil. It fell nearly 5 pips against the D-Mark on the growing belief that the Federal Reserve might cut US interest rates soon to help avert a global recession. In late US trading the dollar was at DM1.7605, 4.75 pips below Thursday's London close. Report, Page 9

invitation to Domingo Cavallo, architect of Argentina's financial stabilisation, to come to Moscow as an adviser.

World stock markets continued to head lower in response to the Russian crisis. Tokyo slipped to a 12-year low as the Nikkei 225 average fell below the 14,000 level, also weighed down by worries that parliament would delay financial restructuring plans.

European markets fell heavily in early trading, with the UK's FTSE 100 index down 259 points

at one stage. Most markets, however, cut their losses by the end of the day. Footsie finished 119.1 points down at 5,248.4. In New York, the Dow Jones Industrial Average traded erratically, dropping close to 8,000 before rebounding to be 39.98 lower, at 8,132.01, by 2pm New York time.

Charles Ryan, a Moscow investment banker who was once Mr Yeltsin's business partner, said Russia's big businessmen had decided to back Mr Yeltsin out of the fear that the turmoil would destroy their financial empire.

Advisers to Mr Chernomyrdin, such as Alexander Shokhin, parliamentary leader of the acting premier's Our Home is Russia party, have been calling for the government to adopt a more interventionist approach and to print money.

Mr Yeltsin, speaking slowly but assuredly on TV, admitted the crisis would result in higher prices and hardship. He vowed to do everything to minimise the social pain. He denied suggestions he had in effect handed

over power to Victor Chernomyrdin. But Mr Yeltsin did dismiss Anatoly Chubais as his special representative with the international financial institutions.

In Buenos Aires a spokesman for Mr Cavallo, who leads a small opposition party in Congress, said Mr Cavallo had not received any official approach and was fully occupied with domestic politics. He added: "This is very preliminary, there is nothing con-

crete. But an official request from Russia would of course be considered seriously."

Mr Cavallo was the architect of "convertibility", the currency board system introduced in 1991, which pegged the Argentine peso to the dollar at one to one. Convertibility, along with a sweeping privatisation programme, quashed hyperinflation and laid the foundations for renewed economic growth in Argentina. In

circumstances reminiscent of the Russian crisis, Argentina also forcibly restructured its domestic debt in 1989.

Additional reporting by Ken Warn in Buenos Aires

Reports and analysis, Pages 2 & 3; Editorial Comment, Page 6; All bets are off, Page 6; Bonds, Page 6; Currencies, Page 9; London stocks, Page 17; World stocks, Page 20; Lex, Page 24

I am going to work: Boris Yeltsin in the Kremlin yesterday before giving his television interview

Picture: Reuters

## Bankers remain calm and connected

By Gerard Baker  
in Jackson Hole, Wyoming

Against the backdrop of the Grand Teton mountain range near Wyoming's Yellowstone National Park, the world's leading monetary policy makers yesterday maintained the appearance of order and calm in times of financial crisis.

Alan Greenspan, chairman of the Federal Reserve, hosted senior officials from European and Asian central banks for the Fed's annual two-day long symposium on economic policy.

The subject of the symposium, agreed months ago, was "Income Inequality - Issues and Policy Options". Most participants quietly agreed there were more pressing matters at hand.

Over dinner on Thursday a few hotbeds suggested the agenda be thrown away and given over to a comprehensive consideration of the tumultuous events in Russia and Asia this week.

But courtesy to the speakers, and - it was widely suspected - the desire to keep up appearances, meant income inequality remained the theme.

Kicking off the symposium, Mr Greenspan spoke of the need for further research into the causes of recent patterns of income and wealth distribution in the US. After a brief free-form lunch discussion which did dwell on current questions, the participants dispersed for hiking and whitewater rafting excursions.

Through critics pointed up the comparison between the central bankers' activities and those of the band in the final hours of the Titanic, the analogy was not wholly accurate.

In between sessions on the impact of monetary policy on income distribution and recent trends in income inequality officials huddled, scraps of paper circulated and high-powered views were exchanged. They were not talking about Gini coefficients.

Plans frustrated, Page 3  
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## HK spends up to US\$7bn of reserves bolstering currency

By Louise Lucas in Hong Kong

Hong Kong poured up to US\$7bn of foreign exchange reserves into the stock market yesterday in an attempt to defend its currency as international markets fell sharply and the government forecast a severe recession.

Turnover on the stock market ballooned to a record HK\$79bn (US\$10.2bn) as the government's fortnight-long battle against speculators entered its most critical

day. Taxpayers' funds were used to keep the benchmark Hang Seng index above 7,800, frustrating speculators who had used futures to bet on a lower close.

While Donald Tsang, financial secretary, claimed the unprecedented government-buying a success, market participants were less convinced. "To me it's the King Canute syndrome," said Terence Mahoney, managing director of TCW Asia fund managers. "You cannot turn a tide

away no matter how powerful you are."

Under Hong Kong's currency board, which pegs the territory's currency to the US dollar, attacks on the Hong Kong dollar automatically trigger a rise in interest rates. The government's share-buying is intended to prevent a "double play" in which speculators sell Hong Kong dollars and profit from negative positions on the property-dominated stockmarket, which is

especially sensitive to interest rate rises.

Sellers descended on Hong Kong, cashing in on the government-led rally. Short-selling, or selling stocks investors do not own in the anticipation of buying them back at a lower price, was also widespread. John Seel, economist at Bear Stearns, noted: "Everybody who could took a short position."

Mr Tsang had earlier announced that second quarter

gross domestic product fell by about 5 per cent in real terms, and projected a contraction of 4 per cent for the full year.

On Thursday, three of the territory's biggest companies reported steep falls in earnings. But the share prices of Cheung Kong, Hutchison Whampoa and Citic Pacific have benefited from the government's buying spree.

The government began buying shares two weeks ago, pushing the Hang Seng index up by about

1,200 points. Yesterday, the main focus for the intensified share buying was the expiry of August futures contracts. The expiry date forces owners to either settle their positions - some of which would have been loss-making - or to roll them over into September.

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### News General

#### Pakistan moves to Islamic law

Nawaz Sharif, Pakistan's prime minister, plans to replace the country's legal system with one based on Islam. In an effort to ally fears in Pakistan and abroad about the consequences of the country becoming more radical, Mr Sharif promised to protect non-Muslims, estimated at about 5 per cent of the population. Page 4

#### Northern Ireland in drive for US investment

The UK government announced a big drive to attract US companies to Northern Ireland, with a tour of 11 cities by senior ministers in October. The promotion, which will include Canada, will come after President Bill Clinton's visit to Ireland next week. Page 5

#### Indiana's Democrats grapple with Clinton scandal

Democratic candidates in Indiana campaigning for three marginal seats in the House of Representatives become evasive when asked if they would consider inviting President Clinton to visit their district. In a state which prides itself on conservative family values, sex scandals in the White House make uncomfortable reading. Page 4

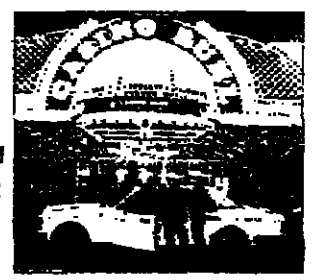
#### Floods take Chinese back to basics

Over the past three weeks, China's struggle against the worst floods since 1954 has brought the type of mass mobilisation that Mao Zedong used to marshal. Millions have marched off to do battle with the elements and leaders have gone back to basics, exhorting the masses with loud hollers. More than 3,000 people have been killed and one fifth of the 1.3bn population has been affected. Page 7

### Faites vos jeux!

Elegant casino gambling for the rich and leisured has long been a hallmark of French culture. But the industry has moved on. Vulgar slot machines were introduced seven years ago and already accounted for 50 per cent of the casinos' take.

Page 7



### News Business

#### Toyota raises Daihatsu stake

Japanese carmaker Toyota is to take a controlling stake in Daihatsu, the minicar producer. Toyota's purchase will lift its stake from 34.5 per cent to 51.2 per cent. Analysts said the deal would allow Toyota to take advantage of the smaller company's strength in the minicar market and its presence in China. Page 24

#### GM strike hits US consumer spending

US consumer spending fell last month for the first time in more than two years as motor vehicle sales slumped in the wake of the General Motors strike, according to figures from the Commerce Department. Personal income grew by 0.5 per cent to a seasonally adjusted total of \$7,140bn, up from a revised 0.3 per cent rise in June. Page 4

#### Russian crisis depresses European markets

The Russian financial crisis continued to depress European stock markets yesterday, with the leading bourses down around 1-2 per cent. The DAX index in Frankfurt dropped below the 5,000 level. The continent's bourses were heavily down on the week. Frankfurt fell 5.1 per cent, Paris 6 per cent, while Madrid (exposed to Latin America) plunged 11.8 per cent. London stocks, Page 17; World stocks, Page 21; Markets FT Weekend Page XXIV

#### Tellabs renegotiates takeover of Ciena

The takeover by Tellabs of fellow US telephone equipment company Ciena is back on track after two rocky weeks, but at a reduced price. Tellabs has cut by 20 per cent the amount it is paying for Ciena after its share price collapsed following adverse trading news. Page 24

#### Final round nears for PolyGram films bidders

Would-be bidders for PolyGram Filmed Entertainment have a deadline of the second week in September to submit offers. PFE, Europe's largest film group with a library of 1,500 pictures, will then discover who has decided to go into the final round of bidding. Analysts are convinced that PFE is an attractive proposition. Page 23

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**Chopard**  
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depuis 1860

The new movement  
**L.U.C.**  
Hear to a proud watchmaking tradition

The automatic movement presented by Chopard is called L.U.C. - short for Louis-Ulysse Chopard - in tribute to the company founder. Sporting this fine calibre off to its best advantage, the L.U.C. watch's watch is protected in a limited series of 1000 in yellow gold, rose gold, white gold and platinum. Model with the "pompier de Genève" hallmark and a hand-engraved dial, ref. 1675005. Available in leading watch specialists and jewellers worldwide. For an illustrated catalogue and list of authorised watch retailers, please telephone: J.V. Roussel Ltd on 0171-446-0302 or fax 0171-446-0304. Email: [info@luc.chopard.com](mailto:info@luc.chopard.com)

Atlanta US\$300	Austria Sch97	Belgium Dfl.300	Canada C\$2.00
Denmark Dkr.20	France Ffr.6.55	Germany D-Mk.3	Greece Grd.200
Italy Lit.2000	Japan Yen.100	South Korea Won.100	Spain Ptas.166.64
Sweden Sfr.8	Switzerland Sfr.7.20	Taiwan NT\$20	Thailand THB.50
UK £1.00	USA \$1.00	Yugoslavia D.D.100	



# WORLD NEWS

## INTERNATIONAL

DEBT SCHEME BOND HOLDERS GIVEN THREE WEEKS TO DECIDE HOW TO SWAP THEIR INVESTMENTS BUT SOME DETAILS STILL UNCLEAR

## Moscow sets timetable for investors

By Jeremy Grant in London and Charles Clover in Moscow

Russia yesterday broke days of silence over a long-awaited debt restructuring plan, giving investors three weeks to decide how to swap their bond holdings.

But it failed to unveil full details of how the scheme would work, adding to the woes of foreign investors already exasperated by previous delays and the knowledge that they stand to lose billions of dollars.

The scheme is a central part of Moscow's efforts to stay afloat in the face of

mounting debts. It drew howls of protest from foreign investors when it became clear last week the plan would wipe out the bulk of their original investments in Russian domestic bonds.

The government said it would give investors in high-yielding, short-term treasury bills - known by the Russian acronym GKOs - until September 18 to decide whether to accept its plan to forcibly convert them into longer-dated debt.

The idea is to lengthen the maturity of about \$40bn in GKOs to ease the massive burden of interest payments

and redemptions. Investors would have to decide by that date what kind of securities to choose from a menu of either rouble-denominated debt or a mixture of rouble and dollar paper.

Those choosing to swap up to 20 per cent of the nominal value of their GKOs into dollar bonds would convert them at market value as measured on August 14.

Foreign and other non-resident investors hold about \$17bn in GKOs; Russian banks and the central bank hold the rest.

The GKO swap is expected to hit Russia's stricken

banks particularly hard.

On Thursday, Russia's central bank said it would nationalise SBS-Agro, the second largest Russian bank in terms of assets, which had become insolvent despite a \$100m central bank injection two weeks ago. The same day an alliance between Inkombank, the country's third largest bank in assets, and National Reserve Bank was expanded to include AvtoBank, Mezkhombank and Alfa Bank.

Bankers say no matter which option foreign investors choose, they are likely to have to write off 80-95 per

cent of their original investments. However, there were no further details, adding to investor frustration. "I don't think it's a matter of not taking this seriously, I think they are confused and there's absolutely no leadership in deciding what the terms are going to be," said Marcel Cassard, chief emerging market economist at Deutsche Bank.

Some bankers in Moscow suggest the debt swap could be revised if some factions behind acting prime minister Victor Chernomyrdin gain influence. Fears were growing yesterday over the fate

of about \$10bn in forward foreign exchange contracts bought by foreign investors in the GKO market from Russian banks.

They have been subject to a 90-day debt moratorium imposed by Moscow as part of its debt crisis plan. But bankers say it is unclear whether they will be repaid once that expires.

"They still haven't given any signals whatsoever as to what happens to the debt after the moratorium," said Kasper Bartholdy, of Credit Suisse First Boston.

Editorial Comment, Page 6

FINANCE MINISTERS PLEA TO ACTING PM

## Chernomyrdin 'must comply with the IMF'

By Peter Norman in Bonn

Finance ministers of Germany, France, Britain and Italy yesterday told Russia that full implementation of the economic reforms agreed with the International Monetary Fund was the best way to secure lasting growth and social stability and restore the confidence of international financial markets.

In a letter to Victor Chernomyrdin, the Russian prime minister, the European finance ministers of the Group of Seven, leading industrial countries, hammered home the message that Russia itself must take action to put its economic and financial house in order.

Theo Waigel of Germany, Dominique Strauss-Kahn of France, Gordon Brown of Britain and Carlo Ciampi of Italy agreed Russia must strengthen its finances through a fair tax system and take measures to restore stability to its financial system.

They said it was crucial that the Russian central bank continue to pursue an independent, stability-oriented monetary policy.

Although the letter pledged close co-operation with Russia, its insistence

on Russian action signalled a departure from the previous open-handed approach of the European G7 countries, and particularly Germany, towards Russia.

The absence of any mention of possible financial assistance reflected the current G7 consensus that additional money would not help Russia. German government sources said more credits would act as a disincentive to reform and increase Russia's debt and interest burden. Neither the IMF nor any big industrial country was willing or able to provide funds, they added.

One message being channelled from Bonn to Moscow is that Mr Chernomyrdin must spell out what he plans to do and how he intends to win the support of the Russian parliament. "We can only help when we know there is a clear programme with a goal that promises success," Helmut Kohl, the chancellor, told today's Berliner Zeitung newspaper.

Bonn believes Russia's position is not altogether hopeless. Government sources have noted a suggestion by Alexander Litvinchuk, President Boris Yeltsin's former economic adviser, could raise funds by selling state assets abroad.

BLACK MARKET POLICE CRACK DOWN ON HARD CURRENCY TRADING

## Fighting crime at the exchange booth

By Charles Clover in Moscow

The last time someone in the Soviet Union was shot for illegal hard currency trading was in 1986 or 1987, but no one can remember exactly when. His name was Sokolov, people recall, owner of what was then Yelisevsky supermarket on Arbat'sky street in downtown Moscow.

As Russia's liberal economic dream crashes down around ordinary Muscovites, Mr Sokolov's legacy is being remembered. The hard currency black market, unknown for the last half decade as the country moved

towards full currency convertibility, again shows signs of returning, as the Russian government has begun to clamp down on "economic crimes" to control the free fall of the rouble.

Yesterday, the rouble was being offered in several exchange booths around Moscow for 10 to the dollar, having plunged through the officially declared floor of 9.5 to the dollar declared by the government on August 17. By noon, most of these kiosks had taped signs to their bullet-proof windows saying "no hard currency".

While authorities have allowed traders to offer dollars for 15 per cent more than the official rate, police are clamping down on unlicensed traders, who stand next to exchange booths in Moscow, offering dollars or roubles well outside the official rate.

Yesterday, one woman in Kievskiy train station, standing next to an exchange booth, was offering to sell roubles for 11 to the dollar. "I am on my way to Ukraine, and they say that the rouble is falling against the hryvnia [Ukraine's currency], so I am trying to buy dollars to protect myself," she said.

But after buying \$50 from a blue-jacketed man, who bargained her up to 11.50 to the dollar, two sweater-clad men grabbed the pair, showed badges and whisked them off to a police car.

Vladimir Vershkov, the Moscow municipal police department's spokesman, confirmed that police have been told to crack down on illegal hard currency trading. "We are getting tougher on economic crimes."

In many of Russia's regions, the restrictions on hard currency trading are even more draconian. In some places, dollar sales

have effectively been forbidden, as the regional governments try to hang on to as much cash as they can.

In the Kamchatka peninsula, said press reports, the "black market" exchange rate stood at Rb12 to the dollar yesterday, while the "theoretical" rate was 9.

"In many regions of the country, 'black exchanges' are now active," said Genady Seleznev, the speaker of Russia's state Duma, the lower house of parliament, from the Communist party.

Mr Seleznev has led the charge against "illegal speculative trading in hard cur-

rency", which many ordinary Russians blame for the collapse of the rouble, and therefore, their savings.

Mr Seleznev also announced yesterday he had evidence that Russia's largest banks were planning a last-ditch surge of capital flight to escape the imposition of currency controls.

"From the safes and stores of the largest commercial banks a massive withdrawal of hard currency is happening, and it is being prepared for shipment abroad," said Mikhail Bellat, Mr Seleznev's press secretary, yesterday.

CONTAGION RUSSIA 'REDEFINES INTERNATIONAL FINANCIAL LANDSCAPE'

## A watershed week for the world's emerging markets

By Clay Harris, Banking Correspondent

For the decades of the cold war, the US used the spectre of a "domino effect" to try to contain the Soviet Union and its satellites. By an irony of history, Russia's flirtation with capitalism has brought its most dramatic manifestation.

Moscow's effective default on its treasury bills and the devaluation of the rouble has sent investors scampering from all emerging markets in a helter-skelter "flight to quality".

This was a watershed week for emerging markets, far more so than the Mexican crisis of 1994-95 or Asia's rolling wave of troubles since the middle of last year. "Russia broke the mould," said Lawrence Goodman, chief economist in New York for Spain's Santander Investment. "Russia is unquestionably a redefinition of the international financial market landscape."

"The shock is just so great that emerging markets will be virtually dead for a prolonged period," perhaps up to two years, according to Glenn Davies, chief economist in London for France's Credit Lyonnais Securities Europe.

"Contagion", the word of the moment, was an appropriate metaphor, according to Tara Healy-Singh, head of Latin American equities for West Merchant Bank, emerging markets subsidiary of Germany's Westdeutsche Landesbank.

As with a medical epidemic, fear of disease could be as potent as actually succumbing to the ailment. Ms

Great buying opportunities, says fund manager

Gabriel Irwin looked exceptionally cheerful for someone trying to launch a new emerging markets fund income fund yesterday, writes Jane Martinson, Investment Correspondent.

Mr Irwin, a senior fund manager for Prudential insurance company of America, which manages \$223bn in assets, based his optimism on the belief that the Russian crisis offers some great buying opportunities.

"Russian government debt denominated in deutschmarks and dollars is very, very cheap," he said. "A lot of people have gone down holding an awful lot of this stuff." Hedge funds forced to sell such bonds in order to service their highly leveraged positions are

creating huge oversupply, he added.

Mr Irwin, who has been investing for over 20 years, believes that Russian dollar-denominated bonds are being priced below default levels. His optimism does not extend to domestic rouble-denominated debt, however.

With the crisis in Russia far from over, Mr Irwin would invest a maximum of 5 per cent of his fund there once it is operational. He is also keen on eastern European markets such as Poland, the Czech republic and Hungary.

He contrasts the current situation with the bond crisis of 1994. Unlike Mexico, he does not believe Russia will be saved by the US in the short term. "It's impossible for the west to give

Russians any money at the moment because it would go straight into a Swiss bank account." Initial marketing efforts for the new Luxembourg-based fund have attracted commitments of about \$6m, well below an expected \$35m-\$40m. "In these extreme conditions it has been hard to raise money," said Mr Irwin.

He also says that the outlook for global investing could get much worse. "I think if the Brazilian and Chinese currencies are devalued, people would probably breathe a sigh of relief and get on with it." The first official close of the fund is next week, although the recent turmoil may mean this deadline is extended. The minimum investment is \$2,500.

Healy-Singh said: "People sell indiscriminately, fundamentals are ignored. Indiscriminate fear - that's how contagion works."

But why should Russia have a bearing on countries half a world away?

"It's not a question of fundamental analysis any more, it's just that people are risk averse," Mr Davies said.

Anthony Thomas, emerging European research director at Dresdner Kleinwort Benson, noted that exports to Russia accounted for only 2 1/2 per cent of the gross domestic product of Poland, Hungary and the Czech Republic. But these countries had been tarred with the emerging markets brush and were also suffering from sales by investors trying to cover losses in Russia.

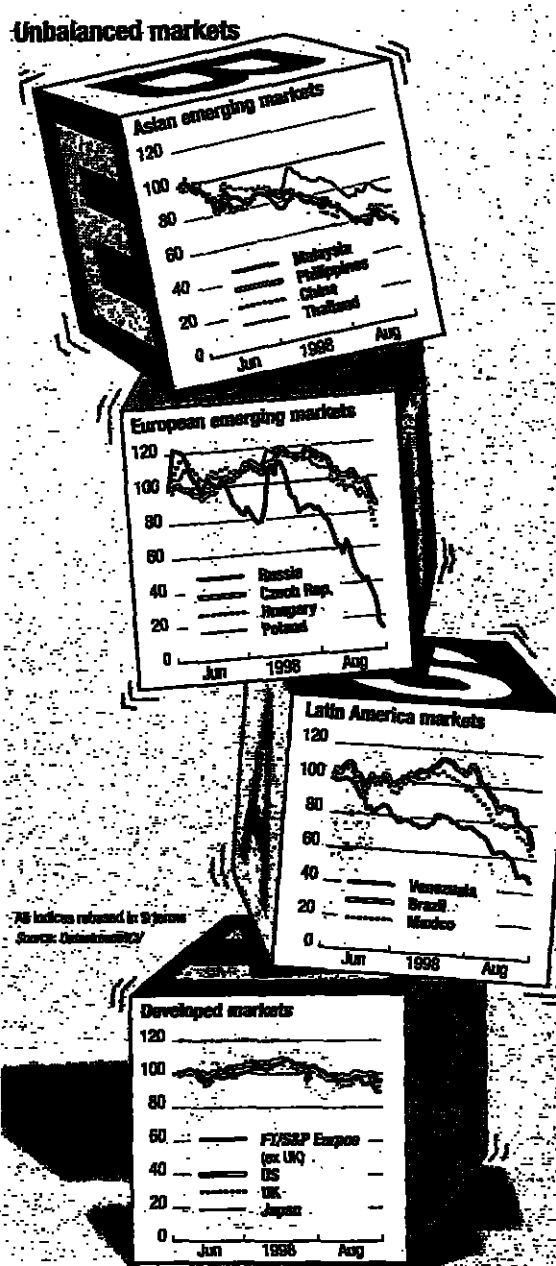
Mr Goodman argued the central problem was the increase in the cost of capital in emerging markets. Countries which ran large current account deficits and were over-reliant on inflows of capital were vulnerable to sudden shifts in sentiment. Disenchantment with some countries such as Venezuela was justifiable, but not with others.

"Don't blame Russia," was the succinct message from Trevor Greetham, global strategist in London for Merrill Lynch, the US investment bank. "If there was contagion, he said, it had started in developed markets and spread to emerging markets. Asia's problems, for instance, were attributable to Japan's economic woes. The key role of weak com-

modity prices was underlined by the currency travails of two developed countries, Canada and Norway, said Michael Hughes, product manager for global emerging markets at Fleming Asset Management.

Mr Hughes said several factors were needed to contain the contagion: extended stability in developed markets and the yen-dollar exchange rate, and a successful re-financing by Brazil. As for the catalyst for this week's carnage, he said: "I believe the investment world has written off Russia."

In other emerging markets, buyers may emerge when the dust settles. Few expect that soon. "People will only differentiate once the general selling off has



stopped," said Mr Hughes.

In the meantime, Ms Healy-Singh, who liquidated her bank's proprietary book of Latin American equities in June because of "inflation", would counsel investors to sit on their hands.

"Our advice is not to be brave," Mr Hughes said.

Some valuations in emerging markets were now very attractive, but "things will probably get worse before they get better."

Of Russia itself, Mr Thomas said: "Be gloomy, and then go some way further, and you're not going to be too far away."

US FEDERAL RESERVE PRESSURE MOUNTS

## Uncertainty over bank's next step

By Gerard Baker in Jackson Hole, Wyoming

The crisis in global financial markets dominated discussions on the sidelines of the US Federal Reserve's annual monetary policy symposium.

The participants included almost all the members of the Fed's policy making open market committee, deputy governors of the Bank of Japan, the Bank of England and the Bank of Canada, senior officials from the Bundesbank and the Bank of France and representatives of many Asian and Latin American central banks, as well as a host of private sector economists.

The formal agenda for the event, hosted by the Kansas City branch of the Fed, was unrelated to the situation in Russia and Asia but officials made up for that with informal conversations about the crises.

Much attention was focused on what the Fed itself will do in response. Though the Fed has not raised interest rates since March 1997, for most of this year it has been leaning towards tightening policy to head off what many at the central bank have seen as the main threat to the US - inflation.

Many economists believe the Fed has held off raising interest rates mainly because of concern about the effect of a rate rise on global financial markets. As the turmoil intensifies, the pressure on the central bank to stay neutral or even ease policy are likely to grow.

Although Fed officials point out that the US central

bank must do what is right for the domestic economy, that doctrine was generally seen to give the Fed some flexibility. "The fact is there is not really a clear-cut dichotomy between inflation in the domestic US economy and depression abroad," said one economist. "If there is depression abroad, the US economy is not going to be immune from it."

And economists believe the sharp declines in stock prices - now 11 per cent below their peak - have also eased concerns at the central bank about risks of overheating. Yet many policymakers at the Fed have been persuaded that the US does in fact face a serious slowdown.

But because the Fed waits six weeks before it publishes the minutes of the open market committee meetings, there is great uncertainty about where central bank policy now currently stands.

In March the committee shifted its basic policy stance to a bias towards tightening, meaning that it sees the risks in the economy as weighted towards inflation and that the next move in interest rates is more likely to be up than down. But the last published minutes were for the meeting on June 30-July 1 - when the committee maintained that stance. But much has happened since then, and one critical question immediately for financial markets is whether or not the committee voted to shift the stance of policy back to neutral at its August 18 meeting, in response to the emerging international turmoil.

INTERNATIONAL MONETARY FUND BARRAGE OF CRITICISM EXPECTED FROM US LEGISLATORS AGAINST A PROPOSED \$18BN CAPITAL CONTRIBUTION

## Camdessus prepares himself for another fight

By Stephen Fidler in Washington

The International Monetary Fund had its hands full yesterday handling a financial crisis that risked spreading from Russia to other parts of the world. But as he briefed the Fund's board about developments in Russia, Michel Camdessus, its managing director, needed to brace himself for another fight - to ensure the continued relevance of the IMF in the 21st century.

Even before Russia's financial debacle, the IMF was under attack from politicians and academics in the US and elsewhere over its handling of the Asian finan-

cial crisis in the last year. Now with Russia mired in financial crisis after the failure of a \$20bn IMF-led financial programme put together only last month, it will face a barrage not least from US legislators seeking to block a proposed \$18bn capital contribution to the IMF.

The most sympathetic assessments of the Fund's apparent failure to stem these crises suggest that the world's financial markets have changed since the early 1980s when the Fund was able to help stave off financial disaster posed by the Latin American debt crisis. With the lifting of barriers to capital flows around the world, the emergence of east-

ern Europe and much of Asia, new technology and the growth of international securities markets with strong interlinkages, the IMF is dwarfed by the volumes of funds flowing across the foreign exchanges.

to borrow, a more cumbersome emergency financing mechanism. According to Adam Posen at the Washington-based Institute for International Economics: "It's not so much that the Fund has shrunk

that talks only with central banks and finance ministers."

In Asia's financial turmoil, he says the Fund initially applied an inappropriate formula developed to help countries overcome tradi-

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In Asia's financial turmoil, he says the Fund initially applied an inappropriate formula developed to help countries overcome tradi-

Even sympathetic observers think the Fund has to have internal reform before it can justify an increase in capital

It has been further held back from financing events by a lack of political support. To fight the world's financial crisis, the Fund has only \$10bn of its own resources and a further \$18bn under the General Arrangements

but that the problems have grown."

However, like Lance Taylor of the New School for Social Research in New York, many of the Fund's critics say it remains a very closed-off, hermetic institu-

tional balance of payments crises - encouraging governments to devalue their currencies and engineer a recession.

Mr Taylor argues that a new global securities and banking regulator is needed

to replace an ineffective IMF, a new World Financial Authority. But many IMF critics say it should be abolished because it does more harm than good.

This is the line taken by Anna Schwartz of the National Bureau of Economic Research. The IMF's role in the 1995 bailout of Mexico, she argues, planted the idea that it should become a new international lender of last resort. It was on that basis the request for new capital was made.

But Ms Schwartz says the IMF cannot act in this role - partly because it cannot create the "high-powered money" that central banks can in a domestic financial

crisis, and because it cannot act quickly enough.

Even previously sympathetic observers think the Fund has to initiate a significant internal reform before it can justify an increase in its capital.

Mr Posen at the NIE reckons any reforms would have to include much greater openness about the Fund.

"Perhaps what the Fund needs most, he says, is a dose of realism among observers: "People have unrealistic expectations or too much faith in market clearing behaviour." In other words, markets can overshoot with severe consequences that take many years to iron out.

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# Critical steps in defence of currency under attack

Hong Kong's success in frustrating speculators may be short-lived as the territory now has a hole in its reserves and nervous investors querying its intervention in the markets

By Louise Lucas in Hong Kong

Donald Tsang, Hong Kong's financial secretary, yesterday congratulated his government on successfully frustrating the plans of speculators who attacked the Hong Kong dollar and triggered a run on stocks and futures.

But he is left with an estimated US\$13bn to US\$14bn hole in the US\$86bn reserves, strained investor confidence and plenty of speculators betting on a falling market into September.

The government's next steps are critical. Mr Tsang indicated that the level of government buying would fall, but further intervention is nevertheless likely. Without government help, the benchmark Hang Seng index could easily fall by 1,000 points.

Further spending would quickly deplete Hong Kong's reserves. An estimated 13 per cent has been spent in the past two weeks. If the

government were obliged to intervene before the expiry of every monthly contract, the money could be whittled away within a year.

As Marc Faber, who runs his own investment funds, points out: "They are not just supporting one market that's going down; suddenly, they're supporting one market when everywhere else is going down. That's a different story that they did not count on."

Longer term, the government plan is to wean the markets off government money by imposing new rules, which are expected to curb activities on derivative instruments.

Restrictions of this nature would not normally be well received in Hong Kong, one of the world's most free markets, although the current volatility may make markets more forgiving.

But bankers doubt that even curbs will help the government to win its battle, now being conducted against growing odds. "The question in my mind is, what is their

exit?" asks one veteran investment banker.

"Do they just behave like [former US president] Nixon in the Vietnam war and declare victory and then just walk away, leaving bloodied a few noses?"

John Seel, economist at Bear Stearns, reckons a fall of 3,000 points on the Hang Seng index would follow such a move, although he says it would be a logical step given the falls in world markets.

Even so, the hangover may be nasty. The accumulated portfolio of shares held by government will at some point drift back into the market (although Mr Tsang stressed he was comfortable to hold part of the reserves in Hong Kong blue-chip stocks).

Moreover, if confidence at street level evaporates, retail investors could start switching out of Hong Kong dollars.

Such a development would threaten to break the currency peg, the last main fixed exchange rate among

the freely convertible currencies in Asia. At present, because of Hong Kong's currency board regime, which backs up the peg, every outflow of Hong Kong dollars automatically triggers a rise in interest rates.

What frightens investors - and entices speculators - is that by intervening in markets Hong Kong could be suggesting it is unwilling to take the pain of sustained high interest rates and of defending the peg all the way.

Andy Xie, economist at Morgan Stanley Dean Witter, says public confidence in the peg will remain so long as the government is perceived to have been successful in its battle with the speculators.

But doubts linger. "It comes down to a question of the government's political courage," says Mr Seel. "And I'm not sure that they really do have the courage to stick it out with this peg."

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# Policy rift seen as Malaysian banker resigns

By Sheila McIntyre in Kuala Lumpur

The Malaysian government yesterday accepted the resignation of the central bank governor in the wake of what bankers said was a disagreement over capital controls.

Ahmad Mohamed Don resigned on Wednesday and his deputy, Fong Weng Phak, followed suit the next day. Mr Ahmad's resignation was only accepted yesterday, after the release of poor economic data. Gross domestic product during the second quarter fell by 0.5 per cent compared with the same period last year.

Although the government ruled out capital controls earlier this week, Mr Ahmad's departure is seen as increasing the likelihood of such measures.

"This probably heralds exchange-rate restrictions, with a possibility of a dual exchange-rate being imposed," said Neil Saker, head of economic research at SG Securities.

Mr Ahmad had offered to resign five times since Malaysia's economic crisis began in July last year as the central bank increasingly lost its independence, bankers said. He had previously been convinced to stay by Anwar Ibrahim, the deputy prime minister and minister of finance.

But Mr Anwar has been sidelined by Mahathir Mohamad, prime minister.

Economists say funds will increasingly flow out of the country as interest rates are lowered unless capital controls are imposed. But any such controls will also cut Malaysia off from international capital markets.

Mr Anwar said Malaysia was reviewing ways to support the ringgit.

Dr Mahathir blames the fall in GDP on the central bank's tight monetary policy. "It's a bit unfair to put all the blame under tight monetary policy," said Paul J. Alapat, senior economist at Indosuez W.L. Carr Securities.

"I don't see an expansion



In happier times: Ahmad Mohamed Don who quit on Wednesday

of credit to the private sector until we see the restructuring and recapitalisation of the banks carried out fully."

The government is establishing an institution to buy non-performing loans and assets of banks, and creating a vehicle to recapitalise them. But it is unclear where Malaysia will get the M\$41bn (US\$9.7bn) needed,

and economists worry the crisis will deepen in the time it institutes the plan.

"Politicians are politicians. They can try to turn this to their advantage," said Mohamed Ariff, executive director of the Malaysian Institute of Economic Research. "But I think eventually the market will have the last word."

# US banks estimate Russian exposure at \$8.8bn

By Tracy Corrigan in New York

US banks have an estimated exposure of around \$8.8bn to Russia, mostly in the form of short-term debt maturing in less than a year, according to Thomas Hanley, a bank analyst at Warburg Dillon Read.

While the US bank exposure is considerably lower than that of European banks, it has "cast a cloud of uncertainty over near-term earnings at commercial banks, particularly the money centres," Mr Hanley noted.

Earnings worries have hit US bank stocks, causing a 26 per cent drop in the Philadelphia Stock Exchange Bank Index from a peak of 931 in early July. Analysts have noted that regional banks are likely to escape relatively unscathed, since around 95 per cent of Russian exposure is concentrated in the money centre banks.

Only two US banks have so far publicly stated their likely losses as a result of the turmoil in Russia. BankAmerica, which is poised to complete its merger with Nationsbank, said yesterday that it had incurred trading losses of around \$200m so far this quarter, primarily in Russia. Principally as a result of these losses, BankAmerica's total Russian exposure has fallen from \$412m on June 30 to \$100m on August 26. Nationsbank's exposure is believed to be minimal, reducing the exposure of the newly merged entity.

Republic New York, the parent of Republic National Bank of New York, said on Thursday that its third quarter earnings will be substantially wiped out by losses on Russian investments.

The bank said it would take a charge of \$110m in the third quarter and would charge \$45m against its allowance for credit losses for Russian defaults.

It said it was valuing its position in restructured short term Russian treasury bills at 15 cents on the dollar.

Among other large money centre banks, Citicorp has an estimated exposure of around \$400m in Russia and Chase Manhattan around \$500m, of which \$200m is in securities such as GKO's, \$200m in trade finance and \$100m in Russian deposits. Chase has another \$400m-\$500m in loan exposure to hedge funds holding collateralised Russian paper, but has said it does not expect any problems related to the hedge funds, according to Mr Hanley. Mr Hanley estimates Chase could write down as much as \$425m for Russian losses in the third quarter.

Bankers Trust and JP Morgan - still technically money centre banks though both have shifted their businesses towards investment banking - have exposure of \$1bn and up to \$2.1bn respectively, according to Mr Hanley's estimates.

# Japanese index fall could undermine banks

By Gillian Tett in Tokyo

Japan's leading stock market index yesterday fell to a 12-year low in a development which analysts said could undermine the financial strength of the country's banks.

The Nikkei 225 fell 3.46 per cent to 13,915.63, after plunging through the psychologically important 14,000 level. If current levels are maintained in the coming months, some banks could fall to meet international capital adequacy rules.

"There are going to be people reviewing credit lines to Japanese banks again," said one western banker.

The government said that yesterday's stock market fall stemmed from "global problems". But it came as a senior official acknowledged that the country might post its longest period of economic contraction since records began in 1955.

Taichi Sakatya, the Economic Planning Agency minister, said: "I feel that there is a high possibility that the April to June and July to September quarters will post negative growth." The economy shrank during both previous quarters.

Japanese banks have traditionally held a large amount of equity in the form of cross shareholdings with corporate clients. They have recorded the difference between the market and book value of these shares as a "hidden" gain.

Under Bank for International Settlements rules the banks are allowed to count some 45 per cent of these "hidden" gains in their capital adequacy ratios, and so have used these hidden gains to bolster their financial strength.

However, with the Nikkei at current levels, analysts estimate that most of the major 19 banks have lost their hidden gains - meaning that their BIS ratios will plunge if the Nikkei does not recover before the half-year accounting period on September 30, or they shrink their assets.

James Florillo of ING Barings calculates that, with the Nikkei at 14,000, all the 19 large banks have lost their hidden gains - meaning that their BIS ratios will plunge if the Nikkei does not recover before the half-year accounting period on September 30, or they shrink their assets.

Mr Waterhouse argued yesterday that the government is likely to let the banks offset the problem through flexible accounting rules. However, concerns about the health of the banks pushed the sector's share price 3.9 per cent down on the day, and 16 per cent down on the week.

In a further blow to confidence, Moody's US credit rating agency, announced it was downgrading the rating of Fuji, one of the largest banks, to Baa2, two notches above junk bond status.

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## INTERNATIONAL

## GM strike hits US consumer spending

By Mark Suzman in Washington

US consumer spending fell last month for the first time in more than two years as motor vehicle sales slumped in the wake of the General Motors strike, according to figures released yesterday by the Commerce Department.

Personal income grew by 0.5 per cent to a seasonally adjusted total of \$714.0bn, up from a revised 0.2 per cent rise in June. However, per-

sonal consumption dropped 0.2 per cent to an adjusted \$5,500bn, down from a 0.5 per cent increase in June and the first decline since June 1996.

The fall exceeded market expectations but was largely due to the effects of the GM strike on both wages and motor vehicle sales, when 175,000 workers at the company and many of its suppliers were temporarily out of work.

Spending on durable goods - items expected to last three years or more - dropped 5.2 per cent in July to an annual rate of \$936.3bn, down from a 1.7 per cent increase in June. Nearly all the fall was attributable to lower vehicle sales.

Spending on non-durable goods rose 0.3 per cent to an annualised \$1,840bn following a 0.1 per cent increase in June, while spending on services rose a modest 0.3 per

cent to a rate of \$3,440bn following a 0.7 per cent increase previously.

In a sign of the tight labour market, overall wages and salaries increased by almost 6 per cent in July. However, farmers' income dropped 5.5 per cent while manufacturing wages fell 0.5 per cent. The Commerce Department estimates lost wages due to the GM strike at \$7.5bn in July - equivalent to 0.1 per cent of total

personal income - and \$3.5bn in June.

The combination of lower spending and higher income resulted in an increase in the personal savings rate, which rose 0.8 per cent, up from 0.1 per cent in June. However, the rate remained near record lows as people continued to rely on the rising stock market to increase household wealth.

Analysts warned that growing uncertainty in the

financial markets and slowing consumer confidence meant that while consumer spending was still likely to grow in the second half of the year, the rate would probably slow significantly from the first half.

Stan Stupley, senior economist at Merrill Lynch, said: "The sizeable market correction over the last six weeks is likely to temper consumer spending in the months ahead."

There has always been a fall-off of voting in a non-presidential election, and I suspect that will happen this time," he said.

Even some Republicans in Indiana agree the impact of the Lewinsky scandal tarnishes all politicians in the race for Congress. Lora Williams, executive director of the Indiana Republican State Committee, said: "My anticipation is that it is going to be a low turnout for everyone. People are disgusted with politicians and they are pretty happy economically right now. They do not have the incentive to vote and they cannot be bothered with politicians."

But for at least one Republican candidate in Indiana, the moral status of politicians in Washington has become a key theme of the campaign. Jean Leising, a former farmer now campaigning against Baron Hill, said: "I have Democrats come up to me and say very quietly there are good people and they don't like this Clinton thing. It is almost like they are embarrassed to say it out loud."



Gephardt 'very disappointed' with Clinton. Bloomington Herald-Times

Gephardt, the Democratic leader in the House of Representatives, who campaigned with Mr Hill and Ms Rieken in Bloomington, Indiana, earlier this week. Initial Democratic projections suggested the White House scandal could lose the party up to 30 House seats.

Mr Gephardt's central message at a rally outside

Indiana University was simple. "This is not the time to be cynical about America," he said. "This is a time to be idealistic about America." Mr Gephardt - who admits he is himself "very disappointed" with the president - is relying on the Democrats' traditional power base of the labour unions to bring out a disillusioned elector-

## Democrats grapple with Clinton scandal

By Richard Wolfe in Indianapolis

It ought to be the easiest question for aspiring Democrat candidates in their desperate drive to win publicity and stature before the mid-term elections. Would they welcome an endorsement from their own president?

But in the fiercely contested races of southern Indiana, the issue of presidential support has become even more controversial than the favourites of abortion and the right to bear arms.

Democrat candidates become strangely evasive when asked if they would consider inviting President Clinton to visit their district. In a state which prides itself on conservative family values and a respect for authority, sex scandals in the White House make uncom-

fortable reading.

Senior Democrats fear the state's native desire for respectability will depress turnout and prove a decisive factor in three marginal races for the US House of Representatives. In its early stages, their current campaign is largely centred on urging Democrats to overcome their sense of disillusionment with politicians, and simply turn out to vote on November 3.

When asked if he would invite the president to endorse his campaign, Baron Hill, the Democratic candidate in the south-east district, said: "I am not sure there is an advantage in it. I have not thought about having the president come out. I do not intend to ask the president and I do not think he will have the time."

For Mr Hill, fighting

against a socially conservative Republican, the issue of the Monica Lewinsky scandal is an obstacle which even the voters seem keen to overcome. "In all candour, it has been raised, but the comments are that people are bored with hearing about it," he said.

Gail Rieken, who needs just a 1 per cent swing to take the south-western district from the Republicans, insists there is no need to invite Mr Clinton to her district. "We have had Hillary Clinton here and I think she is a bastion of strength," she added. "I am not happy with what happened. I am disappointed and I understand the feelings people have, but it is not going to move this race."

The Democrats' distance from their own president is underlined by Richard

## SUDAN CHEMICAL WEAPONS CLAIMS

## Diplomats query US allegations

By Mark Huband in Khartoum and Clive Cookson in London

Sudan has never been discovered trying to circumvent worldwide monitoring of substances and equipment essential to the production of chemical weapons precursors, a senior European diplomat in Khartoum said yesterday.

Despite US allegations that a Khartoum pharmaceuticals factory, destroyed by US cruise missiles on August 20, was producing intermediates for use in the production of VX nerve gas, diplomats in Khartoum reject the idea that Sudan could have done so even if it had wanted to. "The chemical weapons aren't too difficult to make, if you get the whole series of substances," said the diplomat, who has personal experience of tracking chemical weapons technology. "But the substances are severely controlled and are firmly in the hands of producers in the industrialised world. There's a system of internal alert which makes sure that information on any order for the substance which was out of the ordinary would be shared with police in the countries which are the potential suppliers."

While the possibility of substances being successfully smuggled to a non-signatory of the 1997 Chemical Weapons Convention is taken into consideration, Sudan has not been identified as a recipient of products from a signatory state where controls are tight.

As Sudan does not have the capability to produce the precursors without importing substances from abroad, several diplomats conclude

that unless the monitoring system has failed, the US allegations cannot be true.

The evidence offered by US intelligence officials in Washington earlier this week was the discovery of a chemical called EMPMA in soil samples taken secretly from around the pharmaceutical plant.

According to UK chemists familiar with pharmaceuticals and nerve agents, EMPMA is a suitable molecular building block for synthesising VX - and it is hard to think of any application for it in drug production.

However, they emphasised that good health and safety precautions would be needed to protect the workers in any plant making EMPMA. "If traces have been found in the soil, it would be evidence that the Sudanese had undertaken some investigations into the molecule but not necessarily that they were manufacturing VX precursors," one chemist said.

"The number of chemicals that are controlled by the chemical weapons precursor list has grown wider and wider, as more countries have become determined not to see a repeat of the crisis that has faced the west in Iraq," the European diplomat said in Khartoum.

"Now, a lot of knowledge has been accumulated about how monitoring and restrictions are circumvented."

The facilities available at the destroyed al-Shifa pharmaceutical factory in Khartoum North, which produced 50 per cent of Sudan's pharmaceutical requirements, are also not believed to have been sufficiently sophisticated to allow for dual use as a chemical weapons factory.

## Sharif advocates Islamic law

By Farhan Bokhari in Islamabad

Nawaz Sharif, Pakistan's prime minister, yesterday introduced a constitutional amendment to replace the country's legal system with one based on Islam in a bid to make it a "true Islamic welfare state".

"I declare that Koran [the Islamic holy book] and Sunnah [sayings of the prophet Muhammad] are being made the supreme law of the country," said Mr Sharif.

But in an effort to allay fears in Pakistan and abroad about the consequences of the country becoming more radical, Mr Sharif promised to protect the rights of all non-Muslims, estimated at 5

per cent of the population. He promised to maintain friendly foreign relations.

Critics said the amendment was probably prompted by growing anti-western sentiment across the country after last week's US missile attack on camps of Islamic militants in Afghanistan. Those attacks have roused anger among Islamic groups, with many demanding the government break off ties with the US.

Observers also suggested it might be an attempt to improve the worsening domestic political and economic environment. This week, Mr Sharif's ruling Pakistan Muslim League (PML) suffered a significant

setback when the Mohajir Qaumi Movement (MQM), a Karachi-based regional political party, broke off its alliance with the PML.

There are also continuing concerns over Mr Sharif's ability to handle the economy, especially efforts to stave off an impending crisis in Pakistan's \$42bn foreign debt.

Asma Jahangir, Pakistan's leading human rights lawyer, said: "Once governments lose control, there are precedents that they bring the Islamisation genie out of the bottle. This, however, will only add to their problems."

Western diplomats said the announcement could

trigger fresh fears of radical ideology taking stronger root in Pakistan.

The announcement coincided with Mr Sharif's worsening relations with parts of the Pakistani press. Critics say worsening relations with the press have usually coincided with growing turmoil within the government.

The JANG group of newspapers, Pakistan's largest, this week accused the government of serving it with tax notices in an attempt to force the resignations of two of its senior journalists.

Malaysia Lodhi, editor of The News, said: "The prime minister has wrapped himself in the Islamic flag. It's a panic reaction."

## Japan fears poison of crime

An upsurge in violence is giving Japanese food for thought, Alexandra Harney writes

A police investigation has uncovered new information about the bizarre circumstances surrounding a mass poisoning attempt that killed four people and injured dozens last month in Wakayama, a quiet town south-west of Tokyo.

But with the culprit still at large, the incident is feeding concerns about the frequency of violent crime amid Japan's prolonged economic turmoil.

It is indeed a strange tale. Police have found evidence suggesting that the arsenic poisoning of a spicy curry dish served at a July 25 party held by a local citizens' council was linked to an insurance fraud involving a life insurance policy worth more than ¥100m (\$705,000), according to news reports.

The scheme, where two local men with large life insurance policies were hospitalised several times for food poisoning, is just one of several disturbing crimes that have occurred in the neighbourhood in recent years.

The strange history of Wakayama's Sonobe district, where the curry attack hap-

pened, includes the fatal stabbing of a newspaper delivery girl, a 29-year-old man who strangled his mother, and several other poisonings. It is perhaps these sensational details and the timing of the crime at the peak of a food safety panic in Japan - that have drawn the attention of the national media.

Outside the East Wakayama police station, the headquarters of the police investigation, a line of television trucks snakes down a dusty country road. Reporters and cameramen are camped out under beach umbrellas, waiting for suspects to be brought in for questioning. The media frenzy has given new business to taxi drivers, hotels and limousine buses from the nearest airport.

The mood in Wakayama, already soured by recent bankruptcies of banks and construction companies, is sombre but hardly reflective of local residents, who founded the Curry Incident Contribution Centre to cover the medical expenses of the 67 people hospitalised as a result of the poisoning, are too worried about their per-

sonal finances to speculate about the criminal's motives.

"I cannot even imagine what could have caused someone to do this. It is totally out of my comprehension," said Akio Nishino, a local government employee.

Other residents are more certain about the crime's causes. "It is all a reflection of the bad economic conditions. People have nothing to look forward to, there is nothing to hope for with the outlook for the economy so bleak," said Fusao Koike, a property company employee.

By turning a local crime into televised drama, the media are fuelling the horror of violent crime. In January, a 13-year-old boy stabbed his teacher to death, prompting calls for a revision of the laws on juvenile offences. Earlier this month, green tea laced with a toxic substance served in a company cafeteria in Nigata, west Japan, put 10 people in hospital. A 36-year-old man in Kagoshima, south-west Japan, was arrested this month for trying to poison the water supply with weed killer.

Food-poisoning attempts hit a nerve in Japan, where raw fish and eggs are staples in the national diet. Nearly 30 people were hospitalised this summer after eating raw salmon eggs with high levels of e-coli bacteria. Concerns about salmonella poisoning from raw eggs and hormones that cause sterility discovered in containers of cup noodles have prompted government investigations. Three years ago, several people died from eating radishes tainted with high levels of e-coli bacteria.

However, for Wakayama residents, the issue is not about food safety or crime rates, but economics. Surprisingly, news that the poisoning could have been a plot to profit from an insurance policy came as a relief to local residents mired in the economic recession.

One woman who manages a bakery understood the criminal's motive. "It is all about money, you know. That is all people are after in the end." Until the mystery of Wakayama's curry incident is solved, that is the only conclusion local residents can make.

## NEWS DIGEST

## STRIKE ACTION THREATENS SERVICES

## Northwest Airlines starts to cancel flights

Northwest Airlines, the fourth largest US carrier, yesterday started cancelling domestic and international flights in preparation for an all-out strike by its pilots that threatens to ground the airline indefinitely. If the strike goes ahead, it will halt all Northwest operations from midnight tonight, bringing severe disruption to travel in and out of its main "hubs" - Minneapolis/St Paul, Minnesota; Detroit, Michigan; and Memphis, Tennessee.

Northwest cancelled 170 of its 1,700 daily flights yesterday and has cancelled 230 flights today. It said this was to allow an orderly shutdown of the airline and to make sure aircraft were in the right place to re-start operations efficiently when the strike ended.

The dispute is over renewal of the pilot's labour contract. It may be settled before the deadline is reached, but if not, flights cancelled will include more than 100 daily flights to and from London, Paris, and destinations in Japan and south-east Asia. Richard Tomlins, New York

## CONGO CONFLICT

## Tutsi-led rebels threaten dam

Tutsi-led rebels fighting to grab power in the Democratic Republic of the Congo threatened to blow up a hydro-electric dam yesterday as tank-borne government troops fought infiltrators in the suburbs of the capital, Kinshasa. Witnesses said tanks had attacked houses and a hospital where rebel units had taken up positions. Residents also said Congolese troops, who are being supported by Zimbabwean and Namibian units, had set up roadblocks across the city and were conducting intensive stop and search operations.

Civilians fled in their thousands from the teeming suburbs of the city of 5m people, residents reported. Outside Kinshasa, rebels who hold the key Inga hydro-electric dam supplying power to the city and elsewhere, have threatened to blow it up unless they are given safe passage, said an Angolan army officer recently returned from the area. Reuters, Kinshasa

## TAIWAN ARMS PLANS

## China criticises US

China yesterday made its first strong criticism of the US since a successful bilateral summit meeting last month, condemning Washington for its plans to sell missiles and anti-submarine torpedoes to Taiwan.

"We demand the US government strictly abide by the August 17 Sino-US communiqué through practical action and stop any moves that violate China's sovereignty and sabotage China's peaceful reunification," a foreign ministry spokesman said.

The communiqué, signed in 1982, agrees that the US would gradually reduce arms sales to Taiwan both in terms of quality and quantity. China's broadside appeared to undercut the improvement in relations evident after President Bill Clinton's summit meeting with Jiang Zemin, his Chinese counterpart. A statement at that time committed the US to abide by existing communiqués governing the relationship.

But Washington is torn on this issue. It has also signed the Taiwan Relations Act with Taiwan, allowing it to provide Taipei with weapons necessary for its defence. Beijing sees Taiwan as a renegade province and threatens to attack if it declares independence. The total arms package is valued at \$350m. James Kynge, Beijing

## LOCKERBIE TRIAL

## UN agrees sanctions move

The United Nations Security Council has unanimously agreed to suspend sanctions against Libya once it surrenders two suspects in the 1988 mid-air bombing of a Pan American aircraft over Lockerbie, Scotland. In a 15-0 vote late on Thursday night the Council also threatened further additional measures against Libya if it does not comply with the resolution.

Libya's UN representative publicly endorsed the proposal to try the two suspects before a Scottish court in the Netherlands, but criticised the sanctions, including an air and arms embargo, which were imposed in 1992.

Britain yesterday refused to respond to a Libyan call for negotiations on the trial of the two Lockerbie bomb suspects, saying the Tripoli government had to communicate through the United Nations and not the media. The Libyan Foreign Ministry made the call in a statement read on Libyan state-run television monitored in Tunis. Laura Silber, New York, and Reuters, London

## RED CROSS COMMITTEE

## Swiss diplomat is new head

Jakob Kellenberger, 54, a senior Swiss diplomat, has been chosen to head the International Committee of the Red Cross (ICRC), the Geneva-based humanitarian organisation. Mr Kellenberger, currently in charge of co-ordinating Switzerland's bilateral negotiations with the European Union, will take over from Cornelio Sommaruga, 65, a former Swiss diplomat from Italian-speaking Ticino, who will step down after 12 years in office at the end of 1999.

The ICRC, which was founded in Geneva in 1863 by Henry Dunant, a Swiss citizen, aids prisoners of war and acts as a neutral intermediary in armed conflicts. It operates in over 60 countries and has 8,000 staff and is separate from the International Federation of Red Cross and Red Crescent Societies, which was founded in 1919 with the aim to improve the situation of the most vulnerable people of the world. The ICRC is composed entirely of Swiss citizens, whereas the International Federation is a multinational organisation. William Hall, Zurich

## PHILIPPINE ECONOMY

## GDP contracts 1.2%

The Philippines posted negative growth for the first time in six years, as El Niño compounded the turmoil brought on by the Asian crisis, and forced a 1.2 per cent year-on-year contraction in gross domestic product in the second quarter.

The figures released by the government yesterday confirmed economists' fears of an accelerating downturn. First-half GDP growth was 0.2 per cent from a year ago. Gross national product fell 0.7 per cent in the second quarter compared to last year, taking the first-half figure to marginal growth of 0.6 per cent.

Felipe Medalla, head of economic planning, said the contraction was driven by the unusually weak output of the agriculture sector that was devastated by the El Niño weather phenomenon, poor performance in the manufacturing sector and declining investments. Analysts fear agriculture - which contracted 7.2 per cent in the first half, its worst performance in 20 years - will face further problems with the floods of La Niña that traditionally follow El Niño. Agriculture accounts for 22 per cent of GNP.

The figures coincided with warnings warnings that unemployment could almost triple to about 12m by 2001. Justin Marozzi, Manila

## French probe may hamper centre-right party's revival

The judicial inquiry involving Alain Juppé may affect the entire RPR party, including the president himself, writes David Owen

French political circles have been abuzz this week after Alain Juppé, the Gaullist former prime minister, was placed under investigation in a judicial probe into the funding of the centre-right RPR party.

It is striking enough that the country's increasingly combative judiciary has in its sights a man who, little more than a year ago, was the country's second most powerful politician. But suggestions that the investiga-

tion may implicate President Jacques Chirac are giving the affair real resonance.

Mr Chirac was mayor of Paris when a payroll scam was allegedly in operation at city hall under which some members of the RPR party are supposed to have been given fictitious municipal jobs. Mr Juppé, a long-time Chirac loyalist, was responsible for budgetary and financial affairs, as well as being RPR secretary-general.

With Mr Juppé under for-

mal investigation, the probe has moved closer to the head of state himself. As only the hard-right National Front's Bruno Mégret has said, but as more are thinking: "What surprises me is that they have placed under investigation the former deputy of finances and not the mayor of Paris, who could not fail to be in the know."

But we are still a long way from seeing the French president formally caught up in this judicial net. This week,

Mr Juppé described as "absurd" the notion that the president was the real target and said he faced up to his responsibilities.

He denied that the city of Paris had paid full-time RPR staff. "There are in city hall civil servants who work in the services or the offices of elected officials and who furthermore, because they are political activists, devote some of their activity to the party they belong to."

He emphasised it was only in 1996, the year he became prime minister, that a law formally banned private enterprises from financing political parties. "It is therefore only since that period that the rules of the game have been clear."

Some constitutional experts believe Mr Chirac cannot be held to account

for actions he may have taken before becoming president, at least not while he remains in office. Guy Carcassonne, a professor of public law at Nanterre, near Paris, says that "as long as he is at the Elysée", Mr Chirac is protected.

But Mr Carcassonne takes issue with Mr Juppé's contention that the situation was unclear before 1996, calling the legislation "entirely clear". While Mr Juppé's centre-right colleagues have rallied round him, the Socialist-led government has refrained from comment.

Once the initial media frenzy has died down, the former prime minister has grounds for hoping his position will elicit more widespread sympathy. For one

thing, the RPR is not the only party to have been hit by recent funding scandals. Last December, Henri Emmanuelli, a senior figure in the governing Socialist party, was stripped of his parliamentary seat after his conviction in an illegal party financing scheme.

There is, equally, no suggestion that personal enrichment was a motive for Mr Juppé's alleged actions. Most accept that the parties have cleaned up their financing since a series of measures culminating in the 1996 law.

Nonetheless, the centre-right must be worried about the effect this latest publicity may have on their attempts to orchestrate a revival after last year's general election disaster. Here may be much of the affair's broader significance.



NORTHERN IRELAND GOVERNMENT BUILDS ON PEACE PROCESS WITH 11-CITY TOUR TO ATTRACT MORE COMPANIES TO REGION

# Ministers lead drive for US investment

By John Murray Brown  
in Dublin

The UK government yesterday announced a big drive to attract US companies to Northern Ireland, with a tour of 11 US cities by senior ministers in October. The aim is to build on business opportunities thrown up by the peace process.

Mr. Mowlem, the chief minister for Northern Ireland, said the tour would be launched in New York on October 7 by Gordon Brown, chancellor of the exchequer, fulfilling a promise made

earlier this year when he announced a \$315m (£200m) jobs initiative for the region. The promotion, to include Canada, will come after President Bill Clinton's visit to Ireland next week and the new session of the Northern Ireland assembly in mid-September. It represents the biggest investment push in the US, already Northern Ireland's largest source of investment capital with \$2 US companies employing 32,200 people, a tenth of the region's manufacturing workforce.

The announcement comes

amid reports of a split within the Real IRA - the republican terror group which opposes the peace process and which claimed responsibility for the Omagh bombing in which 28 people died and hundreds were injured.

Police in the Republic of Ireland say the group is divided over whether to announce a permanent ceasefire or retain the option to continue the armed struggle. Last night, three men were still being questioned in County Galway in the Republic of Ireland, while

senior Irish police officers expressed confidence they had identified the man who stole the car used in the bombing.

The Royal Ulster Constabulary, the Northern Ireland police force, has pieced together the timing device, which officers say is identical to those used in five other terrorist attacks blamed on the Real IRA. Ms. Mowlem said public reaction to the bombing had shown how the nationalist and pro-British communities in Northern Ireland could work together.

She said the decision of David Trimble, first minister of Northern Ireland, and his deputy, Seamus Mallon (the deputy leader of the nationalist Social Democratic and Labour party) to accompany her on the investment mission to the US was further evidence of this cross-community spirit.

The bombing has nonetheless cast a shadow over President Clinton's return to Northern Ireland, with administration officials persuaded to include a stop in Omagh.

The president's second

visit to Northern Ireland was intended to celebrate the successful outcome of the multi-party talks with which the US administration - through talks chairman George Mitchell - was so intimately involved.

Mr. Clinton is likely to use the tour to emphasise the potential attractions of Northern Ireland for US companies. The need to create jobs in the region was underlined this week with the announcement of another closure in the low-wage clothing manufacturing sector.

## Pragmatism behind imminent freedom for paramilitaries

Government still sees Northern Ireland prisoner release scheme as inseparable from the peace process, Jimmy Burns writes

The release of paramilitary prisoners held by the UK authorities in Northern Ireland will begin a week on Monday, with the likely freeing of 17 inmates. Up to 200 could be out of jail by the end of October.

Despite public anger and sorrow generated by the bomb at Omagh in which 28 people were killed, Northern Ireland is again being asked to engage in a more pragmatic exercise of political give and take to ensure lasting peace.

This is the official message still echoing from Wednesday's meeting of Tony Blair, the UK prime minister, and Bertie Ahern, his Irish counterpart. A potentially critical card in the latest bargaining round was delivered on Thursday with confirmation that the "accelerated" prisoner release scheme promised in the Good Friday agreement is to begin next month.

The planned move, coming so soon after the most homicidal terrorist attack in Northern Ireland's history, will undoubtedly fuel fears that dozens of additional potential bombers are being let loose. Pro-British unionists in northern Ireland and members of the opposition Conservative party on the British mainland have demanded that the release scheme be halted.

But government officials insisted yesterday, as they did in the final hours leading to the Good Friday agreement, that the scheme was not only inseparable from

the peace process, but was also designed to underpin it. As was emphasised this week by the Sentence Review Commission charged with processing the scheme, it is no general amnesty but is based on an increase of remission rates. Those eligible for release will be screened to ensure their commitment to peace.

Under the Good Friday agreement, the scheme will be staggered over two years. Prisoners affiliated to organisations that "have not established or are not maintaining a complete and unequivocal ceasefire" will not benefit.

In practice, those released in the first tranche will belong to the Irish Republican Army and the two "loyalist" groups, the Ulster Volunteer Force and Ulster Defence Association. All three have maintained an extended ceasefire and are linked to political parties which attended the peace talks chaired by former US senator George Mitchell. Some of them could well be subject to continued security vigilance to ensure they do not stray into the dissident camps still opposed to the peace process.

Government officials predict continuing threats from disaffected republicans and regard any declared or rumoured cessation of hostilities by their leadership as merely tactical. But they hope the scheme will strengthen the position of republicans who

genuinely favour peace. The strategy of both governments includes reassuring them that there remains a commitment to an overall political settlement in spite of human rights questions about the planned security measures. These are due to be approved in the British and Irish parliaments next week, and may turn out to be less tough than some senior security officials would like.

Equally, government officials remain acutely aware of the need to secure further concessions from the IRA and Sinn Féin, its political wing, as part of the overall political settlement. The Omagh bombing has put the issue of "decommissioning" of paramilitary weapons back on the agenda.

In the run-up to the first post-holiday meeting of the new Northern Ireland Assembly on September 14, the UK and Irish governments - with support from the US administration and moderate politicians in Northern Ireland - are trying to reassure the unionist community about the IRA commitment to permanent peace. US officials and security agents were already in Ulster yesterday preparing for next week's visit by President Bill Clinton to both parts of Ireland.

Meanwhile David Trimble, Northern Ireland's first minister, added his own note of urgency to the situation by linking Sinn Féin's entry into his all-party executive to decommissioning.



A police forensic expert examines fragments collected from the site of the Omagh bomb. Police say the timing device used is identical to those found in five other attacks blamed on the Real IRA. PA

## Cambridge to receive \$80m venture capital

By Brian Brown,  
in London

Cambridge is to get a new \$80m (£50m) venture capital fund, underlining the city's growth as a financial centre to match its high-technology industries.

The Gateway Fund is being launched by NW Brown Capital Partners, part of the financial group founded by Nigel Brown, one of Cambridge's main business leaders.

It brings venture capital funds available in the city to £150m, and follows the recent launch of Amadeus Capital Partners, which includes Microsoft money, headed by Hermann Hauser, founder of Acorn, the home computer pioneer.

Other funds include Quantum, Cambridge Research & Innovation - both seed finance groups - and Pre-Seed.

It has a presence in the city, and Technology Partnership, a consultancy firm, is believed to be considering

entering the field. The Great Eastern Investment Forum, another NW Brown initiative that puts business "angels", or wealthy private investors, in touch with companies seeking capital, has been gaining a global reputation since its launch three years ago.

There is probably more venture capital in Cambridge than any place outside London," said Jeffrey Green, an American from Chicago who has been appointed as the Gateway Fund's chief executive.

He said all the big accountants had Cambridge offices, there were several law firms, and banks had regional headquarters. NW Brown has operations in pensions and insurance, investment management and corporate finance, along with music management and instrument leasing. Cambridge also has consultancies such as Analysys, a world leader in telecommunications. Mr. Green added: "Put all these together and it starts to look

like a financial centre." The Gateway Fund will concentrate on growing companies looking for capital of up to £5m. It will seek investments beyond information technology across southern England in sectors such as food technology and life sciences.

Mr. Green said the fund, due to make its first investment in the autumn, would fill a void left by London-based venture capital funds focusing on management buy-outs and buy-ins.

The growth of venture capital funds around Cambridge was following the US model, where capital providers were located close to companies they invested in, he said.

Mr. Green had a long career on Wall Street and in the City of London, including senior posts with Goldman Sachs, First Chicago, Credit Suisse First Boston, and Kleinwort Benson, before quitting in 1992 to become an industrial entrepreneur, converting chemical waste into fuel.

## Opposition move may spark debate on Emu

By Robert Peston,  
Political Editor

A referendum among members of the opposition Conservative party on its policy of ruling out European economic and monetary union membership for the five-year lifetime of the next parliament may be brought forward to the last quarter of this year.

The move is being considered actively by William Hague, the party leader, as the only way to halt the bitter internal battle over the issue. He could announce it in his keynote speech at the end of the party conference in October.

Although the referendum would involve only party members, it would probably spark the UK's first national debate on Emu. This may be welcomed by the government, because it would show that a large proportion of business people, trade unionists, Liberal Democrats and Labour members are united with a minority of Conserva-

tive members in favour of monetary union.

However, senior Conservatives believe it could also benefit Mr. Hague, because he would be seen to be taking the initiative over an issue of national importance, when the prime minister has tended to equivocate in his public utterances. Mr. Hague would expect to win such a poll by a decisive margin.

"The pro-Europeans would have to shut up after that," said a senior Conservative.

A Conservative official said Mr. Hague's decision would be determined in the coming weeks by the aggressiveness of the attacks on his Emu policy made by senior pro-Europeans in the party, led by Kenneth Clarke, who was chancellor of the exchequer in John Major's government, and Michael Heseltine, who was deputy prime minister.

They are spearheading a campaign in favour of monetary union at the Conservative conference. On its first day, Conservative pro-Euro-

peans and leftwingers, grouped under the Conservative Mainstream banner, are holding four high-profile events, beginning with a European rally at lunchtime, a talk by Stephen Dorrell - a former minister - an evening reception hosted by Mr. Heseltine, and a late-night address by Mr. Clarke.

Mr. Heseltine has mailed party members nationally, inviting them to these events - a move which has infuriated the party leadership. Mr. Dorrell yesterday conceded that the conference was likely to be dominated by the argument over Emu, but claimed that the disagreement between the pro-Europeans and Mr. Hague was not as stark as some have depicted.

The pro-Europeans want to keep open the option to join the new currency at any time, while Mr. Hague's policy is to rule out membership for up to nine years or the lifetime of the current parliament and the subsequent one.

## NEWS DIGEST

## TELEVISION PRODUCTION

### BBC and its rivals urged to emulate US methods

A leading independent television producer last night called for power to be taken away from the BBC and its commercial rivals in the ITV network to encourage a stronger UK independent television sector.

Peter Bazalgette, managing director of Bazal Productions, called for ITV companies to be stripped of their drama and entertainment production arms and the BBC's commercial arm, BBC Worldwide, to be privatised. This would allow independent production to flourish.

Mr. Bazalgette's call came in the James MacTaggart memorial lecture, an annual speech to the Edinburgh International Television Festival. Mr. Bazalgette said the UK television establishment, including heads of regulatory bodies such as the Independent Television Commission, was suffering under the illusion that British television was the best in the world, when in fact the UK has a poor export record.

He said Britain should copy US legislation of the early 1970s by forcing television networks to divest their production arms. This would lead to a more equal balance of power between production companies and broadcasters.

At the moment, broadcasters take 90 per cent of gross profits. John Gapper, Edinburgh

## CITY REGULATION

### Ex-SIB chief joins accountants

Andrew Winkler, former chief executive of the Securities and Investments Board, has joined Ernst & Young as chairman of the accountancy firm's new UK financial services regulatory group. Mr. Winkler will advise the firm's clients as senior level on their regulatory responsibilities, as well as on questions of business development. "I'm there to provide both the commercial judgment and the regulatory judgment," he said.

The position is Mr. Winkler's first full-time job since he stepped down from SIB at the end of 1997. After nine years as a City of London regulator, he decided not to apply for any of the top jobs at the Financial Services Authority, SIB's successor.

He will continue as a non-executive director of CrestCo, operator of the electronic settlement system for the London securities market, and the Housing Corporation. He is also shortly to become a non-executive member of Jersey's new Financial Services Commission, the only commissioner from outside Jersey.

The island is the largest of the Channel Islands which lie between England and France. Clay Harris, London

## LABOUR PARTY IN SCOTLAND

### Blair says 'tide is turning'

Tony Blair, the prime minister, yesterday claimed "the tide is turning" in the Labour party's favour in its battle with the Scottish National party for control of the planned Scottish parliament. The prime minister made the assertion after Labour narrowly held on to a council seat during a by-election in Glasgow, where some of the party's councillors have been dogged by sleaze allegations. Mr. Blair was completing a two-day official visit to Scotland.

One survey last month found the SNP was 14 points ahead of Labour in voting intentions for the Scottish parliament. The swing to the SNP in Glasgow was 33 per cent. However, there is some evidence to support Mr. Blair's optimism. The most remarkable thing about the by-election was not the swing but that Labour clung on to the seat. Polls also suggest that the SNP's lead over Labour is narrowing.

A System 3 survey this month found Labour was only six points behind the SNP; an ICM poll last month put Labour three points behind. Andrew Parker, Edinburgh

## EMPLOYMENT TRAINING

### Decline in participants

The number of adults on government-funded training schemes continues to decline rapidly, according to the Department for Education and Employment.

At the end of June there were 34,600 adults on work-based schemes in England and Wales compared with 52,300 a year before. In March 1994 the total was 133,100 after the scheme had been going a year.

In the 12 months to June 28 there were 162,400 starts on training programmes, a 28 per cent drop on the previous 12 months. In the latest three months, the number of starts was 57 per cent lower than in the same three months of last year.

The figures indicate a growing number of adults leaving the training schemes who have moved into a job has increased steadily from 31 per cent in 1991-1992 to 45 per cent in 1996-1997. Robert Taylor, London

## GOVERNMENT BORROWING

### Figure revised to 2.1% of GDP

Net government borrowing - the UK's financial deficit - for last year was revised up to 2.1 per cent of gross domestic product, the Office for National Statistics said yesterday. The deficit had previously been reported as 1.8 per cent.

General government gross debt was \$3.5 per cent of GDP in the 1997 calendar year, an upward revision of 0.1 percentage point. In 1996 debt was 54.7 per cent of GDP. Net government borrowing totalled £16.1bn (\$26.58bn) in 1997, compared with £34.8bn in 1996.

The ONS said that gross debt outstanding was £419.4bn at the end of 1997. Richard Adams, London

## State-owned company increases role in US nuclear reprocessing industry

The owner of the controversial Sellafield complex expects most of its sales to be outside Britain by 2001, writes Virginia Marsh

Imagine a company, in less than a year, merging with its biggest customer, negotiating the takeover of a large competitor with the industry's best brand name, winning one of the sector's largest ever contracts, and having to face up to a new international agreement that could force the closure of a main line of business.

Throw in an aborted \$900m (£1.48bn) planned joint venture, and the snapshot of the past 10 months at the state-owned British Nuclear Fuels is complete.

But if environmental groups are right about the implications of last month's Sinter agreement - named after the Portuguese town

where it was signed - then BNFL is fortunate to have embarked on expansion and diversification outside the UK.

At Sinter, the UK and other governments committed themselves to reducing radioactive discharges to the sea to "close to zero" by 2000. Environmentalists claim this means BNFL's main Sellafield site in north-west England will eventually have to be closed.

Reprocessing, believed to be BNFL's most profitable business - its other divisions are waste management, fuel, and electricity generation - involves taking old fuel from reactors and separating the

plutonium and uranium, which can be recycled, from the nuclear waste.

BNFL, taking comfort from the small print, denies Sinter means the end of Sellafield. "Close to zero" has yet to be defined and the agreement also said this would be the target if it were "technically possible" - which it is not.

It also rebuts charges from anti-nuclear campaigners that the agreement means its ageing Magnox reactors, due mainly in the first decade of the next century.

BNFL gained six more Magnox reactors (and three in the process of being

decommissioned), on top of the two it had already, when it merged with Magnox Electric, formerly a customer, to create a state company with turnover of £2bn this year.

The UK's newer reactors had already been spun off into British Energy, floated in 1996.

However, despite the merger with Magnox, which was technically insolvent and made operating profits of £261m on sales of £528m in the year to end March 1997 - much of BNFL's future growth is set to come from outside the UK.

"I would be surprised if the ratio in our business between UK and international sales is not 50:50 or better by April 2000, rising to 55 to 60 per cent interna-

tional by 2001," says Graham Watts, group commercial director. In 1996-97, the international business accounted for a third of sales of £1.25bn.

By 2001, the company hopes the nuclear clean-up contract it won last month from the US government, for up to \$6.5bn (£4.3bn), will begin to kick in.

The Hanford contract, with the purchase of the Westinghouse nuclear business from media group CBS - a \$1.2bn deal it hopes to complete by the end of this year - has positioned BNFL at the forefront of the vast US nuclear clean-up industry. Before Hanford, BNFL Inc, the US subsidiary, had won some \$2.5bn worth of similar contracts since it was set up in 1990.

According to Mr. Watts, the US Department of Energy has an annual budget of \$5bn to clean up huge nuclear sites that in the cold war era produced atomic weapons. "Hanford alone is 600 times the size of Sellafield," he says.

Industry analysts say BNFL has been helped by the US subsidiary's powerful board - its members include Admiral William Crowe, the former US Ambassador to London, and James Schlesinger, a former US defence secretary - and by the fact that Lockheed Martin, the leader of the losing consortium on the Hanford contract, has been distracted by the competitive threat to its core business of Boeing's takeover of McDonnell Douglas last year.

Westinghouse's main attraction is its leading position in the US civil nuclear servicing sector, the largest national market of its kind in the world.

Among other services to utilities, Westinghouse - whose technology is behind a third of the world's more than 430 nuclear reactors - supplies fuel, manages fuel changes and other outages, and decommissioning reactors. BNFL is buying Westinghouse, which had sales of \$1.1bn last year, as part of a consortium with Morrison Knudsen, the US engineering giant.

To do the larger Westinghouse deal, BNFL ditched plans, announced last autumn, to roll its fuel fabrication and uranium trading operations into a joint ven-

ture with the nuclear arm of Siemens, one of its biggest international competitors. That deal had irritated the powerful French state-owned nuclear industry - the French were also among the losing bidders for Westinghouse.

For the time being, BNFL is not banking on being able to build more reactors to replace the western world's ageing stock - the US, for example, has not built a new nuclear plant since the accident at Three Mile Island in 1979.

But the nuclear lobby is more optimistic on new build - in some parts of the developing world, including China. Reactors are still going up - than it has been for some time, partly because of global warming.



## COMMENT &amp; ANALYSIS

## FINANCIAL TIMES

Number One Southwark Bridge, London SE1 8HL  
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700

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## A world in turmoil

This was the week when Russia's crisis threatened to turn to catastrophe. The stability built up during the past few years has been shaken. The effect on world stock markets was dramatic, but is the world economy also at risk?

Events in Moscow have moved with bewildering speed. The ruble and the stock market are plunging, and there is a run on the banks. Most of the reformers seem to be out of the government, replaced by politicians who can be relied upon only to set policies to meet the desires of Russia's oligarchs.

Unless Russia can swiftly find a credible policy anchor, it could easily fall back into chaotic hyperinflation. Mr Chernomyrdin will be under great political pressure to pay off wage arrears and bail out the oligarchs' banks, plunging and there is a run on the banks. Most of the reformers seem to be out of the government, replaced by politicians who can be relied upon only to set policies to meet the desires of Russia's oligarchs.

The seriousness of Russia's plight is not in question, but its impact on the rest of the world is more difficult to fathom. It is easy to forget that Russia is a small economy, whose trade links with the west are tiny. Western Europe's exports to Russia, for example, account for well under 0.5 per cent of gross domestic product.

However, it is already clear that the impact of this crisis will be greatly disproportionate to Russia's size. At worst, the crisis could trigger a new round of contagion, sending western stock markets crashing, and the world into recession.

The worries about further contagion are certainly justified. If the emerging markets were to collapse, they are virtually untouchable now. This latest crisis has seriously shocked investors. Russia was thought to be too important to fail; yet at the last moment, the west failed to step in. The role of the International Monetary Fund in preventing crises has been comprehensively undermined.

## Moral hazard

The spectre of default has also been raised. During the Asian crisis, the IMF was criticised for creating moral hazard, as its money was used to help ensure that foreign investors were paid. The forced restructuring of Russia's rouble debt, in contrast, has meant that many investors have incurred huge losses. The moral hazard problem has certainly

been solved with Russia - but at great cost to confidence.

Few markets are immune, whether in Latin America, eastern Europe or Asia. Even developed commodity producers such as Norway and Canada are suffering a loss of confidence. Investors are rushing for a limited number of safe-haven markets, particularly US and west European bonds, sending yields plummeting. Meanwhile, concern about the spread of contagion, and the effect this could have on western economies, is creating great nervousness in the equity markets, particularly as these are still pricing in hefty increases in corporate earnings.

Could this be the start of a world recession? This will depend on how far contagion spreads, and how much western stock markets react. But the chances are too high for comfort.

## Faltering growth

With Japan still in the economic doldrums, the world is relying on the US and Europe, which make up nearly 60 per cent of world output, as the engines of growth. Economic growth in both areas could be more vulnerable than is commonly supposed.

There are already signs of faltering growth. In the US, second-quarter output growth was sluggish, and corporate earnings are down year-on-year. The UK may only grow by just over 1 per cent next year. And the strength of the recovery in continental Europe is far from assured. A further spread of contagion, particularly to closely linked areas such as Latin America or eastern Europe, could strike a damaging blow.

A stock market crash could have a similar effect, particularly in the US, where many individuals are relying on stock market wealth for their savings.

In either case, a serious impact on growth could be avoided, given the correct policy response. Both the US Fed and European central banks must be prepared to take the risk of cutting interest rates to accommodate a worsening international crisis.

The US must also be prepared to accept that, as consumer of last resort, it will suffer a deteriorating trade deficit for some time to come.

Russia's collapse has made the global investment climate extremely fragile. The dangers of worsening contagion, and western stock market reaction, are real, and there is little that can be done to prevent either. If the worst comes to pass, then it may be only the west's central banks that can keep the world growing.

## All bets are off

Chrystia Freeland explains the moves that are sidelining Boris Yeltsin and the desperate struggles of the Russian oligarchs in the face of economic collapse

On August 19, 1991, Boris Yeltsin fought off a communist attempt to preserve the Soviet Union and launched Russia's second revolution, an attempt to create both a market economy and a democratic society. Today, almost exactly seven years later, Mr Yeltsin is watching the first half of his bold experiment collapse.

Russia's fragile capitalism has been shattered. The rouble, whose stabilisation was the government's proudest achievement, has more than halved in value against the dollar over the past two weeks. The leading stock-market index is now lower than on the day it was launched, three years ago.

As swindled depositors form sullen queues outside locked banks and consumer goods disappear from the shops, it looks depressingly as if the Soviet system that Mr Yeltsin vowed to destroy is returning. And as it comes back, so Mr Yeltsin's chances of survival are diminishing.

So strong were the rumours that Mr Yeltsin is on the brink of resigning that the president was forced out of seclusion and into a public denial yesterday: "I will remain president until 2000," he insisted in a television appearance. But that sentence cannot negate the fact that the president seems to have abdicated management of the country and its economy.

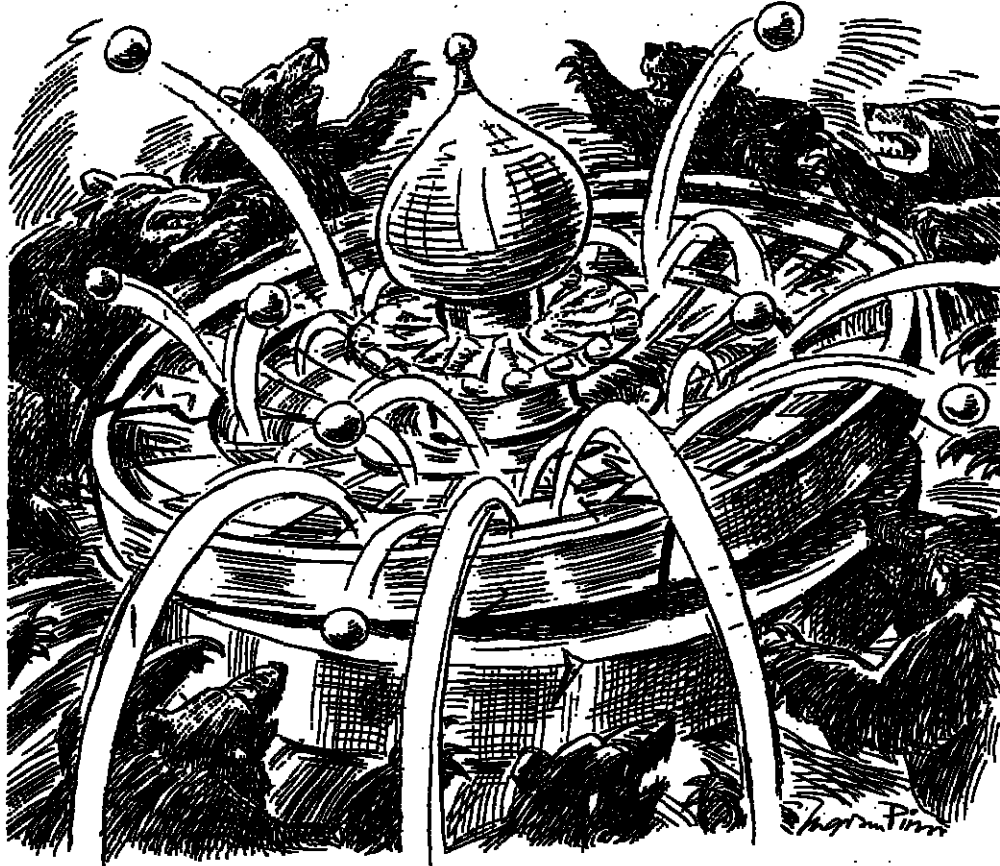
Indeed, to many observers, the rumours of Mr Yeltsin's resignation seem beside the point. As one Moscow magazine put it this week: "Boris Yeltsin is swiftly losing his political influence. His

authority has fallen so low, that even in the Kremlin no one is interested in the head of state's opinion."

In the past, Mr Yeltsin has repeatedly vanished from sight, only to reappear himself by some dramatic move, usually by sacking the government. Those who dared question the tsar in his absence were quashed, and Mr Yeltsin reestablished himself as Russia's absolute ruler.

On this occasion, things could be different. For the first time, the entire Russian establishment, ranging from die-hard communists to financial magnates, agrees that the president must be sidelined. Few are calling for Mr Yeltsin's outright resignation, but everyone agrees that he must surrender some of the quasi-autocratic powers granted by a constitution Mr Yeltsin wrote for himself.

"As long as Yeltsin is alive, I do not think he will resign," says Mikhail Berger, editor of *Sevoday*, a Moscow daily. "But he



must give up some of his power. All of the political elite is demanding this."

Overly, the pressure to whittle down some of the president's prerogatives is coming from the communist-dominated parliament. It wants Mr Yeltsin to give up some powers in exchange for its approval of Victor Chernomyrdin, whom the president has nominated to be Russia's prime minister. The Communists are threatening to impeach Mr Yeltsin if he does not give way.

There is nothing unusual about this sort of over-heated rhetoric from the Duma. Indeed, the leftist opposition generally calls for the president's impeachment at least twice a year. But today the parliament may not just be playing-acting.

One major difference is that Russia's influential business establishment - which two years ago bankrolled Mr Yeltsin's electoral victory against the communist Gennady Zyuganov - today backs the parliament's effort to trim the presidency.

Another is that, as his presidency and almost certainly his life draw to a close, Mr Yeltsin's thoughts are said to be turning to his personal reputation and to the future of his family. In Russia, a country where one democratically elected leader has never handed over power to a democratically elected successor, the prospects outside the Kremlin are not necessarily sunny.

Depending on who replaces him, Mr Yeltsin risks being prosecuted for political "crimes" such as allowing the Soviet Union to collapse or ordering mass privatisation. He and his family could

also face questions about how exactly their lavish personal lifestyle - one grandson attends boarding school in England, a daughter is said to be building a palatial dacha outside Moscow - has been financed.

There were many proposals, among them this one: personal guarantees for the Yeltsin family. Mr Zyuganov said after a meeting with a Kremlin official. It is easy to see why Mr Zyuganov, whom Mr Yeltsin branded at the polls two years ago, would want to disarm the Kremlin boss. But why should the Russian business establishment, which is in the midst of a financial crisis, also want to throw its public media and private lobbying behind the campaign to emasculate presidential authority?

The most popular answer is a heartening one and it is, paradoxically, a tribute to Mr Yeltsin's own political accomplishments. One of the principal goals of the Kremlin's market revolution was to create a capitalist class which would have a long-term vested interest in Russia's political and economic stability. However, flawed Russian capitalism may be this, at least, has been accomplished.

And today, that economic elite is thinking ahead to the next Russian president, who is due to be elected in 2000, although events could bring the polling date forward. They fear that the current financial chaos could sweep an unpredictable, national list strongman into the Kremlin - someone like Alexander Lebed, a former general and now governor of Krasnoyarsk in Siberia; Yuri Luzhkov, Moscow's mayor or

even an orthodox communist such as Mr Zyuganov. The *biznesmeni* are concerned that in such iron hands Russia's powerful presidency could become a dictatorship.

It is Mr Yeltsin's historic obligation to give up some power so that the next president cannot be a monster, Mr Berger argues. "If Zyuganov or some dangerous madman were to become president under the current constitution, it would be the end of true democracy. But only an outgoing president will agree to weaken the president's constitutional powers, and that is why Yeltsin's role is so crucial."

That is a valid point and one which many Russian politicians and businessmen have been making ever since they rallied behind Mr Yeltsin's re-election bid. The financial crisis has created an environment in which, for the first time, Mr Yeltsin himself may be amenable to a carefully calibrated political surrender.

The only hitch is that, as the political establishment haggles over Russia's future constitution, the whole economy may be burning down.

"The financial system has totally collapsed," argues Andrei Illarionov, director of the Institute of Economic Analysis, and one of the first economists to predict the current crisis. "Over the

next few weeks we will experience a US-style great depression and an Asian financial crisis all wrapped into one."

Mr Illarionov says that in the current environment, even liberals like himself have conceded that a new wave of inflation is inevitable. The devaluation of the rouble has already raised consumer prices. Another jolt is unavoidable because the paralysis of the financial system will force the government into some sort of credit emission to cover its own costs.

"My optimistic forecast is that inflation this year will be 60-100 per cent," says Mr Illarionov. "I think credit emission is unavoidable, everyone in the country will demand it. The printing press is almost the government's sole access to money."

This economic crisis has inspired strange alliances as Russia's current political and financial establishment scrambles to survive the storm. The oddest partnership, but the one which now seems to offer Russia its best shot at emerging from the crisis, is between the business elite (the oligarchs who in the past were often an anti-reform lobby), and Boris Fyodorov, one of the country's most respected reformers.

Over the past few days the oligarchs, led by Boris Berezovsky, a mysterious financier and politician, have been throwing their formidable political weight behind Mr Fyodorov. They are seeking to persuade Mr Chernomyrdin and Mr Yeltsin to put Mr Fyodorov in charge of Russia's economic policy, allowing him to pick a new economic team and come up with an emergency programme which can brake the financial free-fall.

"Ironically, some of the big dudes have come to the conclusion that they risk losing everything and they have looked around and Fyodorov is the only tough guy they see," says Charles Ryan, head of the United Financial Group and Mr Fyodorov's former business partner. "Some very powerful people are backing Fyodorov right now."

All of these byzantine manoeuvres - the campaign to whittle away Mr Yeltsin's authority; the attempt to install Mr Fyodorov; the frantic effort to come up with policies to stem the collapse of the rouble - are part of one larger struggle. They are battles in the war waged by Russia's ruling establishment waging against an economic crisis that has discredited their ideology, weakened their empires and could impoverish millions.

It is a war they are losing. The sheer power of the crisis may well overwhelm all of the plots and alliances the Russian elite is mustering to control it. Soon Messrs Berezovsky, Fyodorov, Chernomyrdin and even Yeltsin may all be irrelevant. The economic turmoil could sweep them all away - and Russia has not a few strongmen waiting in the wings.

## Fear of falling

Richard Waters says this week's market collapse shows that the Asian and Russian crises are now a problem for investors everywhere and asks whether this heralds the beginning of a bear market

that might halt the tide - before it reaches other big emerging markets, such as Brazil, Mexico or China. The medicine that is coming to be seen as the most likely answer, should events take another turn for the worse: interest rate cuts in the US and Europe.

The emerging world has been caught in a liquidity squeeze of collapsing asset prices and shrinking bank credit. The high interest rates that have been used to try to lift the pressure on currencies have only intensified this problem, says Louis Perlin, a managing director at Lazard Frères in New York. Like others on Wall Street, he argues that central bankers in the US and Europe should now be on hand to supply the needed liquidity through a co-ordinated cut in interest rates.

The effects of this squeeze should not be confused with any fundamental shift to global deflation, adds Mr Roach at Morgan Stanley. The world economy may be slowing, but it should still grow 2.3 per cent this year, he says. Once this crisis has passed, it may well be that investment concerns turn back to the more familiar dangers of inflation and rising interest rates. For the foreseeable future, however, the short-term risks from a financial catastrophe have changed the landscape.

All of this explains why the financial markets of the emerging world are being treated like so much nuclear waste by investors. That, in turn, has prompted the rush into the supposed safe-haven currencies that remain -

the dollar and the currencies of western Europe. And within these countries, bond markets have seemed to offer the best insulation against an uncertain world - particularly against the background of slowing economic activity and an apparent retreat of inflation.

Lower bond yields, in turn, should help to put something of a floor under the stock market. But what about the prognosis for financial asset prices in the developed world if the crisis continues to spread? That is the fear that has eaten into share prices in the US and Europe over the past two weeks.

For now, both regional economies remain robust. The economically comforting - if morally distasteful - prospect is that the debacle elsewhere in the world will apply the brakes to excessive

expansion in the west, leading a soft landing. That still looks a highly likely outcome. It would leave the fundamental forces that have underpinned the US stock market - low inflation and a steady economic growth - largely in place.

The danger, though, is that the crisis will tip the balance towards a less salutary outcome for the developed world. Russia's rapid descent into financial chaos has thrown a number of risks into much sharper relief.

One is the danger that a shock elsewhere in the world can be transmitted into the supposedly safe havens of the west directly through the financial system. The sight of hedge funds losing their shirts in Russia is the sort of thing that usually raises cheers among more cautious investors, not pity and terror. But those hedge funds themselves borrow from banks, whose profits - and capital - contract accordingly. The hit to the western banking system has been intensified by the fact that one of its best potential sources of profits - from dealing in or arranging finance for the developing world - has dried up.

Hedge funds that lose their shirts in Russia also have to sell other assets to meet their losses. Wealth destruction, once triggered, can spread across markets with alarming speed.

The signs of this shudder in the western financial system were apparent last week, as European and US banks took the hit from Russia's collapse. If the problems spread to Latin America, the impact could be much

worse: fully half of the international exposure of the US banking system is to Latin borrowers. For Spanish banks, a whopping three quarters of all international lending would be at stake.

The second risk thrown into relief by Russia's problems is that the spreading contagion will eventually overwhelm economies that are more central to the economic health - and corporate profits - of the developed world. Asia will account for only around 3 per cent of US corporate profits next year, according to Jeffrey Applegate at Lehman Brothers. Russia accounts for only a minuscule portion. A collapse in Latin America, however, would hit the US hard, just as a broader problem on its Eastern fringes would affect Europe. Mexico provided the market for more than 11 per cent of US exports in the first half of this year, compared with only 0.6 per cent in Russia.

This gathering threat to trade, and to corporate earnings, has the effect of delivering a double-whammy to stock prices. Lower profits make it hard to justify buying stocks at what are, by historical standards, already high valuations. At the same time, the erosion of share prices over the past two weeks has introduced a sharper sense of fear to the markets. The so-called risk premium

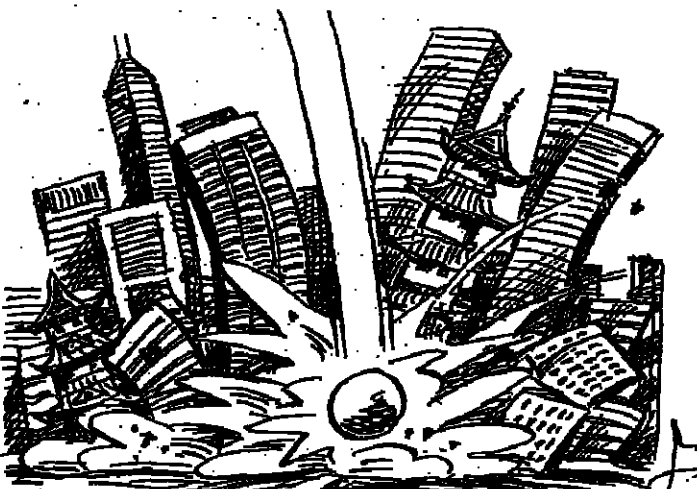
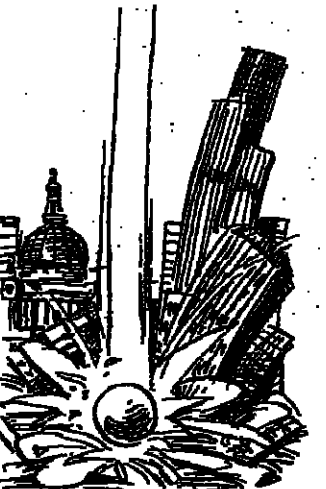
- the higher return that investors demand for holding supposedly riskier stocks, compared with bonds - has crept up again as the optimistic view of stocks that has held sway for so long has weakened.

Falling share prices, in turn, could deliver a blow to the US economy. The feeling of wealth generated by the rising stock market has supported the surge in consumer spending of the late 1990s. Americans now spend virtually all of their income; the country's savings rate is a rock-bottom 0.6 per cent.

But faced with a more uncertain investment outlook, there is no telling where consumer confidence will head - or whether corporate investment, another of the forces that has supported demand, will now dry up.

This suggests that the balance is tipping towards lower interest rates in the rich, industrialised countries, a development that would be likely to further fuel bond prices, while easing the pressure on share prices.

By most of the valuation techniques used on Wall Street, the decline in share prices and the surge in bonds should already have brought the markets back into equilibrium. But as long as the smell of fear is in the air, it would not do to put too much faith in such analyses.





# The great plunge backward

During the past three weeks China has stepped back 30 years, even 30 centuries. A titanic struggle against the worst floods since 1954 has brought the type of mass mobilisation that Mao Zedong used to marshal.

Millions have marched off to do battle with the elements. Sandbags are being sent from all corners of the country. And leaders for whom statecraft was becoming an increasingly abstract art have gone back to basics: exhorting the army and the masses with loud hailer, comforting the bereaved, standing on river dykes defying the torrents below. It has been ever thus: the battle to control its rivers is as old as China itself.

The more recent dust that was settling on a host of revolutionary stereotypes has been abruptly washed away. Wives have lost their soldier husbands to the rivers, have donated their cash compensation back to the flood effort.

One television clip showed Xu Hongping, 27, open her blouse and squeeze breast milk on to the neck of a soldier to soothe his bee stings. Farmers, officials and private businessmen have dug deep into their pockets - many voluntarily, some probably less so - to give money, food and materials.

Life has assumed a simple quality as people exercise reflexes conditioned through thousands of years of civilisation both sustained and imperilled by some of the

Devastating floods in China have prompted a mass mobilisation that would have made Chairman Mao proud, says James Kynge

fiercest rivers in the world. More than 3,000 people have been killed and one fifth of the 1.2bn population has been affected in some way.

For the government, the floods represent a particular challenge: its legitimacy is on the line. To foreigners, it may appear fanciful to claim there is a link between devastating floods and the "mandate of heaven" by which all dynastic emperors were said to rule - especially for Communist authorities with no regard for heaven.

Chinese leaders know that floods can sweep away a regime's prestige. The connection between flood control and power goes back to the roots of the Chinese state. The earliest emperors were those who tamed the floods. Terrible deluges have plagued the end of many a dynasty, and the Communists themselves have always maintained that the failure of the Kuomintang, their civil war opponents, to control Yangtze river floods in 1931 proved their incapacity for rule.

So elemental is the connection between floods and governance that the Chinese character for "political order" (zhi), is a combination of the ideogram for water and that for a dyke or platform.

This year, there is extra pressure on the government to prove its crisis-management abilities. The floods,

environmentalists say, are man-made. They are the result, some say, of basic changes in economic policy. Hence the question of how to deal with the floods has also become embroiled in the broader debate between modernisers and conservatives. "If you look at the root of this flood, you'll see it is really a man-made calamity," says Gao Deming, an environmental consultant. "The authorities have ignored their flood prevention

duties for a long time. We have been living off the legacy of our ancestors' work."

The Yangtze, source of the worst flooding, is called "the river above the earth" because for much of its course it is kept several metres above cities and farmland by dykes built up over centuries. The maintenance of these dykes has lapsed during the past two decades of economic reform: as local authorities used funds to invest in property or other profitable ventures.

But even as the dykes appear to have slammed one door shut, hackers have opened another. Even more worryingly, they have done so in a system supposedly so secure that it has been chosen by government agencies and security-sensitive businesses such as defence contractors.

These are the so-called "private key" encryption systems in which both the sender and receiver of an electronic message have the secret key. The problem is that this system - the US government Data Encryption Standard (DES), in use since the 1970s - has been around too long. Hackers have finally worked it out. Last month, the Electronic Frontier Foundation, a civil liberties group, cracked DES encryption using a computer built for under \$250,000.

Not surprisingly, the US government wants a new super-system. It is therefore challenging all-comers to create an "Advanced Encryption Standard". Fifteen finalists, who will be whittled down over two years, were chosen a week ago. They come from Israel, Japan, France, UK, Germany and Canada, as well as the US. Each group is now trying to break the codes created by the others. Yet even as the world's best cryptographers compete to create a new standard, hackers around the globe have devised the most dastardly trick of all. Relying upon human frailty, rather than computer weaknesses, they simply seek to persuade somebody inside an organisation to reveal the password. Even the world's brightest boffins have not come up with anything to deal with that.

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Going back to our safe-cracker, instead of randomly trying combinations, he is now turning the dial and listening for the tell-tale sounds of locks moving - a far more promising approach. To thwart this clever hacker, IBM's Swiss researchers invented a way to ensure that a computer leaks no information about its encryption system, in effect silencing the locks. "This is a case of finesse over muscle," says Charles Palmer, head of IBM's cryptography research

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at China's ability to mobilise millions has certainly done wonders for the reputation of the People's Liberation Army (PLA). People's Armed Police and other instruments of authoritarian control. The image of the PLA had been badly tarnished by its crack-down on pro-democracy demonstrators in Tiananmen Square in 1989.

The news media now runs blanket coverage of gallant soldiers rescuing stranded old women, linking arms in the water to form a human chain against the flood crests, using washing-up bowls to move water and diving into raging torrents to repair holes in the dykes.

One report had it that farmers along the Yangtze offered food to the soldiers in gratitude. But the soldiers, obeying orders to decline gifts from people, refused. The farmers were insistent and sneaked into the soldiers' camp, leaving food by the tents. Not knowing who to return it to, the soldiers had no choice but to accept.

This kind of story strikes all the right chords in China, not only with a rural population of 900m but also with more sophisticated city dwellers. "It almost makes me cry," says Li Hanning, an office graduate from the elite Beijing university. "The value of so much nowadays is measured only by money. But the spirit of these soldiers and the farmers is something beyond calculation."

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Tide of history: Soldiers battle to rebuild a collapsed dyke in Hunan Province

AP

## Tales from the cryptographer

In the ever-more sophisticated war between computer boffins and computer hackers, the boffins scored an important victory this week. International Business Machines announced a fancy new system for protecting computer data that is pretty much impossible to crack.

The breakthrough could be a big step forward in the security of sensitive information transmitted over the internet. It could ensure, for instance, that credit card numbers and electronic mail reach their intended recipients, and nobody else.

That is no small advance. Finding better ways to protect data from hackers is critical to the future of electronic commerce since concern over security is the main reason people are still leary of spending money over the net.

Internet experts fear that a serious security breach - perhaps the discovery of thousands of credit card numbers or passwords - would deal a severe setback to the thousands of businesses pioneering electronic sales, not to mention their computer and software suppliers.

Businesses too are fearful of building expanded networks to reach suppliers and customers - so-called extranets - for the same security reasons.

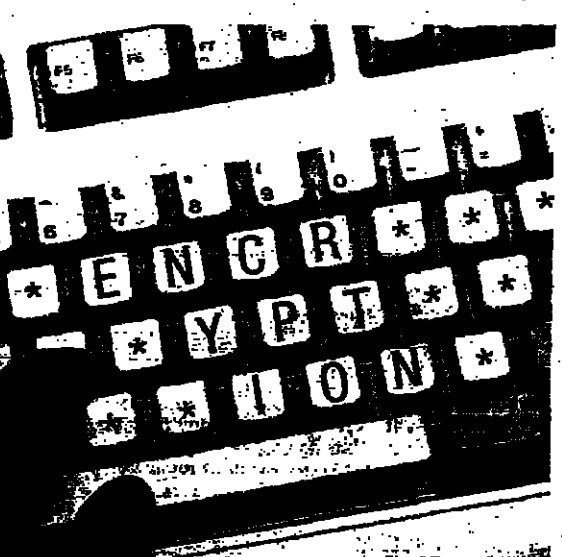
Hence the significance of this week's breakthrough. The new cryptosystem, developed by a mathematician at IBM's Research Labs in Zurich and a collaborator at the Swiss Federal Institute of Technology, aims specifically at protecting internet transactions. So what is the problem? And how does the solution work?

Internet transactions are typically protected by "public key" systems that scramble data sent by an internet user using a publicly available formula. Only the legitimate recipient holds the private key that can decode the message. This is the inverse of the systems found in hotels that provide guests with private door keys and staff with a masterkey.

To crack encrypted data, hackers may try a "brute force" attack. Powerful computers are used to generate millions of possible keys and trying each one of them until the right one is found. Depending upon the type of encryption and the power of the hacker's computer, it might take days, months or even years to break.

This is analogous to a would-be safe-cracker trying out millions of possible combinations. The chances are high that he will be caught long before he opens the safe. Computers rely on defeating the brute-force

Louise Kehoe on the never-ending battle of wits between hackers and boffins.



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## French casinos hit jackpot with low-roller machines

One-armed bandits have transformed the gaming industry, writes Robert Graham

What are we doing, transformed the gaming business. Since then gross takings at casinos have grown eightfold. The state and local authorities also reap the benefit by taking almost 60 per cent of all gambling earnings.

The annual take from gaming tables has remained more or less steady but that from slot machines has jumped and now accounts for almost 90 per cent of the casinos' FFR8bn receipts. Table games are labour intensive: slot machines require few personnel and are much more profitable.

The French, who invented elegant gambling with the roulette wheel, are witnessing what one sociologist labels "the democratisation of gaming". By law, gaming tables require an entry fee, usually around FFR70, and the establishments apply strict dress codes - though not as strict as those in neighbouring Monte Carlo. For slot machines, no entry fee is paid.

The slot machine customer is the same as the supermarket shopper, says Mr Partouche. "Big table gamblers come from all over the world. With slot machines people come to play only if the location is convenient."

France has 160 casinos with 13,051 machines (less than a tenth of the number in Las Vegas). The development of the business depends very much on the attitude of the 14-month-old Socialist-led government towards the liberalised gambling laws inherited from its rightwing predecessors.

Charles Pasqua, in one of his final acts as interior minister, agreed to permit slot machines in 1988 but the legislation took three years to materialise. Indeed, it was

the threat of court action from Isidore Partouche, who founded the Partouche group in 1973, that helped produce the legislation. The introduction of slot machines has seen the number of casinos rise from 122 to 160. The previous government also broke with precedent and accepted the principle that large city centres could house casinos. As a result, first Lyons and then Bordeaux, whose administrations are run by former premiers Raymond Barre and Alain Juppé respectively, have approved casinos.

The Jospin government appears to be moving very cautiously. According to the association of casino operators, permission has been granted for only 11 slot machines since January, a minute proportion of those requested. Equally the operation of the new Lyons casino has not got final approval.

Certainly, foreign groups feel the French market has had its growth. This sentiment, coupled with the large slice of earnings handed over to the state, has left the sector largely in national hands. The French groups themselves are looking to invest outside the country's frontiers - to Belgium, Bulgaria, Tunisia, Morocco and the US.

"This government is caught between a moralistic view - not wanting to allow an obsessive Las Vegas style slot-machine culture - and the realisation that the new brand of casino provides valuable jobs and revenue," observes one of the leading operators.

Official attitudes to gambling have, traditionally, been highly restrictive. The original 1907 law authorising casinos involved a derogation of the nationwide prohibition on gambling and permitted establishments solely in places defined as spas, thermal stations or holiday resorts. Casinos within 100kms of Paris were banned on the grounds this might corrupt the working man. The ban still holds good.

Equally, casinos, whose buildings were usually municipally owned, were regarded as seasonal operations: all accounts were based on the season closing at the end of October - and the sector remains an exception to French end-of-calendar-year accounting.

Successive post-war governments resisted pressure to expand gambling beyond the casinos, whether in the form of football pools or bingo. The casinos themselves struggled and many closed in the 1960s and 1970s. The exceptions were those establishments near the Italian and Swiss frontiers, which profited from the lack of gambling opportunities in those countries. Some, as at Nice, were shut down by the authorities because of links to organised crime, and the Ministry of Interior, which is responsible for gambling matters, remains proud of its vigilance, demanding that all casino employees be vetted by the authorities.

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## LETTERS TO THE EDITOR

### Alexandria Library: the illumination of a glorious past

From Mr Ahmed Osman.

Sir, In his article "Book of confusion" (August 1/2), Mark Hubbard raised serious questions concerning the rebuilding of Alexandria Library. He accused Egypt of grasping "with an increasingly confused relationship with its heritage". He also expressed his worries about an Egyptian attempt to cover up for the Arab destruction of Alexandria Library.

While it is true that Egypt has lost its memory with the burning of its Library, it is also true that the main confusion of identity is a result of western attempts to regard Alexandria as Greek, not Egyptian.

Since the Age of Enlightenment, western scholars have insisted that Alexandria Library was the work of

the Greeks. Contrary to all ancient authors, who name the founder of the Alexandrian Library as Ptolemy II, they name Ptolemy I. The reason is to make the Library established by Demetrius the Greek, who was advising Ptolemy I. They also insist that the Library was housed at the Museum, although no single extant writer mentioned that.

However, Ammianus Marcellinus (390 to c 391 AD) states that the Library was part of the temple of Serapis - the Serapeum... In this were invaluable libraries.

The Arabs found no library in Alexandria to burn when they arrived there in 640. One day in AD 981, the Roman bishop Theophilus marched from his

headquarters at the head of a large mob and headed for the Serapeum in the Egyptian quarter. After destroying the temple they turned to the Library, where hundreds of thousands of papyrus rolls and parchments inscribed with ancient wisdom, now regarded as heresy, were torn to pieces and thrown to the fire.

Ahmed Osman, 26 Gloucester Square, London W2 2TB, UK

From Mr Mohsen Zahran.

Sir, It seems that some misunderstanding was behind the hostile comments on the new project of the Alexandria Library made by Mark Hubbard. While Mr Hubbard quoted me saying that "we need the elimination of the past", what I

really told him was that "we need the illumination of the past".

No doubt this misunderstanding of my words caused Mr Hubbard to worry about the revival of the ancient Library of Alexandria that eliminates its glorious past. Nevertheless, I can assure him that our first aim is to revive our ancient culture and preserve our old wisdom and heritage.

As for the fact that the Library holds books in different languages, this came as a result of generous donations from countries such as England, France, Italy, Norway, Japan, Turkey, Australia, Mexico, Brazil, Argentina, Canada, Austria, Russia as well as Saudi Arabia, Jordan, Oman and the United Arab Emirates. Its contents

and future activity were decided by UNESCO experts during two conferences they held in 1994 and 1995.

The rebuilding of the Alexandrian Library is an international project supported by UNESCO in its 1987 declaration, which we hope will help in establishing the correct research method and lead to a general intellectual and cultural development. This, hopefully, will help economic and social development in an area that has suffered much damage during a long period of war and hostility.

Dr Mohsen Zahran, director of the general organisation of the Alexandria Library, Egyptian Embassy, 26 South Street, London W1Y 6DD, UK

### Little wonder card-carrying Nazi is so poorly remembered

From Mr Zahman Shoval.

Sir, Herbert von Karajan's musicianship is a matter of taste, but his politics should not be "Conductor with a talent to abuse", August 22.

The fact is that Karajan was not merely "pro-Nazi" (like most other German artists who found it convenient to be so after 1933) but an actual card-holding member

of the Nazi party several years before Hitler came to power.

Maybe the fact that Karajan is "so poorly remembered", as Andrew Clark writes, is because he does not deserve any better.

Zahman Shoval, Israeli ambassador, Washington DC, US

### Seriously silly 10-year gilt yield

From Mr Anton Bentley.

Sir, I note that the graph accompanying Philip Cogan's Weekend Investor column of August 22/23, "Silly season gets serious", is captioned "UK 10-year benchmark gilt yield". In view of

the downward trend, how long a sentence did the perpetrator receive?

Anton Bentley, 4 Walford Place, Chelmsford, Essex CM2 6PG, UK

### Moving parts in Canada

From Ellis Thorpe.

Sir, A part of a country wants to leave the rest; it cannot do so without the agreement of the rest. But, if a part wants to leave, the rest cannot force it to stay, according to Canada's supreme court ("Secession of hostilities", August 22/23). What a pity the court did not say what happens if the rest of the country wants a part to leave.

Is it the case that the rest needs the agreement of the part in order to get the part to leave; but that if the rest wants the part to go, the part cannot use force to stay?

Ellis Thorpe, Albany, Old Chapel Walk, Inverurie, Aberdeenshire, UK



COMMODITIES & AGRICULTURE

# Gold price goes into 'free fall'

## WEEK IN THE MARKETS

By Paul Solomon

Commodity prices followed equities, bonds and currencies downwards this week as markets reacted to the Russian's worsening financial crisis.

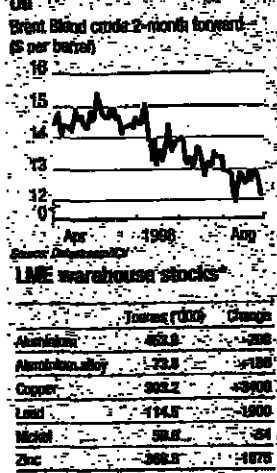
Gold was "fixed" in London at an 18-year low of \$273.50 an ounce mid-week, on suspicions that Russia is increasingly using its reserves in swaps deals. The precious metal was further hit by the falling currencies of Australia, South Africa and Canada, and yesterday afternoon's fix was \$273.40 an ounce, the lowest for 19 years.

"When it broke \$277 it basically went into free fall," Alan Williamson of Russian Mining Group told Reuters. "There's nothing on the charts now to present any sort of support."

World oil prices fell closer to \$12 as some analysts feared that Russia would try to buy its way out of crisis by exporting more oil, adding to the glut that has already slashed prices.

On London's International Petroleum Exchange, benchmark Brent blend for October delivery closed at \$12.38 a barrel on Thursday, but recovered some ground yesterday and stood at \$12.31 towards the end of trading.

The Russian crisis proved less of a problem for base metals, with most of them holding their price and even making small gains during the week. However, analysts pointed out that base metals prices had already fallen sharply this year, with cop-



Gold price (USD per ounce) from August 1997 to August 1998

per and nickel both hitting 12-year lows and aluminium reaching a four-year low in the past few months.

Yesterday, three-month copper on the London Metal Exchange was \$1.617 a tonne at the kerb, down \$14, despite rising earlier in reaction to mounting tightness in the market. Nickel finished the week \$40 higher at \$4,120 a tonne, while aluminium was \$1,362 a tonne, up \$23.

Cocoa reacted to yesterday's fall in sterling, with the December contract on the London International Financial Futures and Options Exchange, closing at \$2,070 a tonne, down \$2. Coffee ended the week \$4 higher at \$1.530 a tonne.

London commodity markets will be closed on Monday for a public holiday.

## WEEKLY PRICE CHANGES

Commodity	Unit	Current Price	Change	Previous Price
Gold (100 oz)	USD	273.40	-0.10	273.50
Silver (100 oz)	USD	10.15	-0.05	10.20
Platinum (100 oz)	USD	1,000.00	-10.00	1,010.00
Crude Oil (100 bbl)	USD	12.31	+0.03	12.28
Natural Gas (1000 cu ft)	USD	0.45	-0.01	0.46
Wheat (1000 bushels)	USD	1.53	+0.02	1.51
Corn (1000 bushels)	USD	0.75	+0.01	0.74
Soybeans (1000 bushels)	USD	0.95	+0.01	0.94
Cotton (1000 lb)	USD	0.55	-0.01	0.56
Wool (1000 lb)	USD	1.20	-0.02	1.22
Aluminium (1000 kg)	USD	1,362.00	+23.00	1,339.00
Copper (1000 kg)	USD	1.6170	-0.0140	1.6310
Nickel (1000 kg)	USD	4,120.00	+40.00	4,080.00
Zinc (1000 kg)	USD	0.85	-0.01	0.86
Lead (1000 kg)	USD	0.25	-0.01	0.26
Iron Ore (1000 kg)	USD	0.15	-0.01	0.16

## BASE METALS

### LONDON METAL EXCHANGE

(Prices from August 29/30 1998)

IN ALUMINIUM, 92.7 PURITY (5 per tonne)

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## Precious Metals continued

### IN GOLD COMEX (100 Troy oz; \$ per oz)

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## UNIT TRUSTS

## WINNERS AND LOSERS

## TOP FIVE OVER 1 YEAR:

Investec European Growth	1,495
Baring German Growth	1,456
Investec European Small Cos	1,424
CF Cofly European Acc	1,419
Murray European	1,373

## BOTTOM FIVE OVER 1 YEAR:

HSBC Singapore & Malaysia Gth	261
Guinness Flight Asian Sm Cos	262
AB Govett Greater China	325
Dresdner RCM Little Dragon Inc	328
Schroder Seoul	336

## Baring German Growth



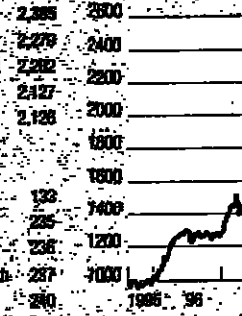
## TOP FIVE OVER 5 YEARS:

Investec European Growth	2,289
Investec European Small Cos	2,279
Thames Valley Euro Sm Cos	2,252
TU European	2,127
Regent London European Growth	2,126

## BOTTOM FIVE OVER 5 YEARS:

Old Mutual Thailand Acc	132
Highly Asian	236
Schroder Seoul	257
HSBC Singapore & Malaysia Gth	257
Save & Prosper Korea	257

## Investec European Growth



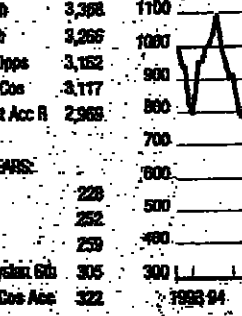
## TOP FIVE OVER 5 YEARS:

GA North America Growth	3,398
Investec European Growth	3,289
Guinness European Sm Cos	3,152
Investec European Small Cos	3,117
Thames Valley Euro Sm Cos	2,968

## BOTTOM FIVE OVER 5 YEARS:

Save & Prosper Korea	228
Old Mutual Thailand Acc	252
Schroder Seoul	257
HSBC Singapore & Malaysia Gth	305
Schroder Japan Small Cos Acc	322

## Schroder Japan Small Cos Acc



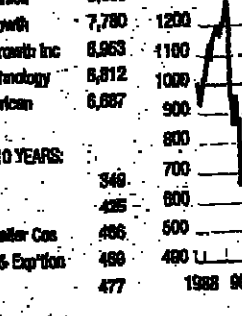
## TOP FIVE OVER 10 YEARS:

F&C US Small Companies	6,056
GA North America Growth	7,780
Guinness European Growth Inc	6,863
Aberdeen Pacific Technology	6,812
Edinburgh North American	6,687

## BOTTOM FIVE OVER 10 YEARS:

Barracks Japan Inc	346
M&G Japan Acc	406
Henderson Japan Smaller Cos	460
Save & Prosper Gold & Capital	477
Baring Japan Growth	477

## M&amp;G Japan Acc



Tables show the result of investing £1,000 over different time periods. Trends are based on 5-year performance. Morningstar past performance is not a guide to future performance.

## Indices

Average Unit Trust	980	1262	1491	2027	3.5	2.9
Average Investment Trust	1057	1336	1607	2303	5.9	4.5
Bank	1045	1121	1206	1782	6.0	5.2
Building Society	1042	1113	1202	1774	6.0	5.2
Stockmarket: FISE All-Share	1141	1622	1890	2919	2.9	3.0
Inflation	1055	1059	1159	1308	0.4	0.4

## UK Growth

Johnson Fry Sister Growth	1191	2019	2330	4623	3.3	1.5
Old Harkley Growth	1130	1893	2108	2563	3.3	0.6
River & Mercantile 1st Growth	1152	1801	2249	-	2.9	1.3
Exeter Capital Growth	1312	1782	2110	-	4.8	-
Sarnes UK Growth	1227	1772	2200	-	2.6	1.8
SECTOR AVERAGE	1073	1461	1716	2835	2.9	1.5

## UK Growth &amp; Income

CF Shaw Utilities	1272	1763	2288	-	3.0	2.6
Fleming Select UK Income	1175	1759	2117	3265	2.6	2.5
River & Mercantile Top 100	1148	1675	-	-	3.1	2.3
HSBC Foodst Fund	1193	1673	1828	-	2.8	2.9
Laurence Kern Income & Growth	1119	1653	1862	-	2.8	2.9
SECTOR AVERAGE	1088	1484	1723	2894	2.7	2.1

## UK Smaller Companies

Laurence Kern Smaller Cos	1108	1818	-	-	3.5	1.2
Northwest UK Smaller Cos	1046	1817	-	-	3.8	1.4
Guinness UK Smaller Companies	1043	1757	2202	2808	3.8	1.4
GT UK Smaller Companies Acc	1359	1735	1888	-	3.8	1.1
Henderson Exempt Cynical	1240	1708	1854	-	3.3	0.8
SECTOR AVERAGE	1027	1287	1827	2082	3.5	1.5

## UK Equity Income

BWD UK Equity Income	1121	1694	2088	3395	2.5	3.1
Jupiter Income	1063	1688	2000	4672	2.4	3.6
Fidelity Income Plus	1119	1642	1988	2254	2.5	3.7
Britannia High Yield Inc	1133	1637	1983	3919	2.4	3.3
NPI Global Cash Income	1186	1631	-	-	2.4	2.9
SECTOR AVERAGE	1092	1459	1675	2889	2.5	3.6

## UK Equity &amp; Bond Income

Marlborough HI UK High Income	1228	1560	-	-	5.4	-
CIS UK Income	1162	1544	1724	-	2.4	3.1
CU PPT High Yield	1164	1540	1682	2554	2.2	4.9
HSBC High Income	1109	1535	-	-	2.0	5.1
Midland High Yield	1142	1519	1570	2508	2.1	5.2
SECTOR AVERAGE	1085	1383	1532	2493	2.1	4.8

## UK Eq &amp; Bd

Paragon High Income	1082	1529	1874	4473	2.7	3.4
Capital Income Dis	1084	1518	1884	2778	2.3	2.7
AXA Sun Life High Yld Inc	1110	1485	1688	2658	2.2	3.2
NPI UK Extra Income Inc	1123	1472	1746	-	2.1	2.0
Lloyds Bank Extra Income	1086	1465	1628	2815	2.2	3.5
SECTOR AVERAGE	1086	1445	1681	2863	2.3	2.7

## UK Fixed Interest

CU PPT Preference Inc	1273	1576	1616	2390	2.2	5.9
CU PPT Monthly Income Plus	1286	1508	1615	-	1.6	6.3
Henderson Preference & Bond	1201	1498	1592	2088	1.1	6.5
Aberdeen Profit Fx Interest	1131	1494	1583	2057	1.4	7.6
Dresdner RCM Preference Inc	1193	1487	1652	2507	1.4	7.8
Murray Gth	1142	1348	1460	2247	1.3	6.1
SECTOR AVERAGE	1111	1288	1382	2142	1.2	5.2

## UK Gift

Fidelity Institutional Lg Glt	1242	1534	-	-	2.0	5.8
Mercury Long-Dated Bond	1186	1421	1467	-	1.9	4.2
M&G Gilt & Fixed Interest	1163	1411	1489	2282	1.5	5.2
Guinness PS Fixed Interest	1143	1350	1381	2201	1.3	6.1
Murray Gth	1142	1348	1460	2247	1.3	6.1
SECTOR AVERAGE	1111	1288	1382	2142	1.2	5.2

## Far East ex Japan

Friends Prov Australian	732	980	1198	2178	4.3	-
HSBC Hong Kong Growth	395	942	1180	2741	9.3	2.6
W&S Hong Kong & China	375	807	878	3247	8.5	2.2
Fidelity South East Asia	500	698	848	2530	7.4	1.7
GT Orient Acc	387	684	747	-	8.0	0.3
SECTOR AVERAGE	430	482	600	1840	8.1	1.7

## Far East Inc Japan

Save & Prosper Far East Sm Cos	632	948	918	-	5.1	0.8
Smith & Williamson Far East	580	942	827	-	5.2	0.7
Jupiter Far Eastern	657	639	700	1263	6.0	-
Guinness Far East	599	638	737	929	5.5	1.4
Dresdner RCM Far East Inc	512	637	648	1307	5.6	4.1
SECTOR AVERAGE	523	563	628	1206	5.7	1.9

## Japan

GT Japan Growth	827	865	882	1186	3.1	0.0
Murray Japan Growth	811	787	735	-	4.8	-
Bullitt Gifford Japan	748	775	715	1088	5.3	-
Marlin Currie Japan	700	762	760	-	6.2	-
Newcom Japan	683	750	649	888	5.3	-
SECTOR AVERAGE	650	688	621	790	5.7	0.4

## Europe

INVESTCO European Growth	1495	2385	3288	6593	4.8	-
INVESTCO European Small Cos	1434	2270	3117	6183	4.5	-
Thames Valley Euro Sm Cos	1317	2202	2689	5282	4.8	-
TU European	1301	2127	-	-	3.3	1.0
Royal London European Growth	1370	2126	2758	5911	3.9	0.9
SECTOR AVERAGE	1221	1725	2220	4480	4.1	0.5

## Global Emerging Mkts

Marlborough HI Global Em Mkts	704	762	-	-	-	-
Stewart Ivory Emerging Market	510	745	807	-	6.2	1.0
Guinness PS Emerging Markets	481	732	861	-	6.1	1.1
Mercury Emerging Markets	469	713	787	-	6.5	0.3
Guinness Emerging Markets	542	626	630	1166	6.0	-
SECTOR AVERAGE	519	621	688	1615	6.2	0.9

## International Equity Income

GT International Income Inc	1203	1674	1800	3597	2.8	2.4
Mayflower Global Income	1088	1411	1610	2521	2.4	2.2
Premier Global 100	1181	1370	1588	1884	3.2	-
M&G International Income	1015	1325	1508	2122	2.8	3.8
SECTOR AVERAGE	1082	1446	1628	2891	2.8	2.2

## International Fixed Interest

Baring Global Bond	1064	1289	1365	-	1.5	5.1
Marlborough HI Global Bond	1089	1261	1327	2414	1.7	3.6
Newcom International Bond	1076	1258	1242	-	2.0	4.4
Barricks BSI Intl Fx Int Inc	1060	1243	1288	-	0.9	4.7
ASIS Int Bond & Convertible	1089	1215	1247	-	1.2	5.5
SECTOR AVERAGE	1020	1067	1107	1885	1.8	4.9

## International Equity &amp; Bond

Fleming General Opportunities	1129	1511	1630	-	2.8	3.2
Bank of Ireland Ex Mkt Growth	1033	1413	1685	-	2.5	2.1
GA Income Portfolio	1066	1411	1648	-	3.0	2.5
MW Joint Investors Income	1118	1376	-	-	1.6	3.8
Marlin & Spencer Intl Port Acc	1086	1382	1542	-	2.3	1.6
SECTOR AVERAGE	1027	1274	1447	2764	2.3	2.3

## International Growth

Save & Prosper Financial Secs	1077	1943	2284	4725	3.4	0.4
Franklin Financial	1172	1926	2257	6348	3.5	0.4
HI Samuel Financial	1084	1723	1938	4188	3.7	1.1
Save & Prosper Growth	1112	1675	2136	4231	3.1	0.4
Guinness Global Utilities	1282	1645	-	-	3.6	1.1
SECTOR AVERAGE	954	1243	1478	2886	3.8	0.9

## INVESTMENT TRUSTS

## WINNERS AND LOSERS

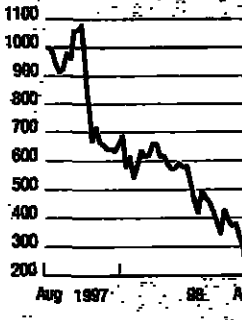
## TOP FIVE OVER 1 YEAR:

Aberdeen Preferred Income	2,378
Aberdeen High Income	1,862
Foreign & Col Enterprise	1,596
Darwin	1,548
Exeter Preferred Capital	1,495

## BOTTOM FIVE OVER 1 YEAR:

Govett Asian Smaller Cos	223
Edinburgh Jona	234
First Russian Frontiers	245
Fleming Chinese	256
Henderson Smaller Asian Cos	309

## First Russian Frontiers



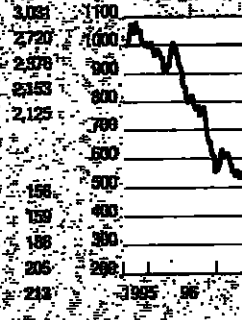
## TOP FIVE OVER 5 YEARS:

Foreign & Col Enterprise	3,001
Jupiter Preferred	2,777
TR European Growth	2,576
Henderson European Unit	2,535
Mutual Development	2,123

## BOTTOM FIVE OVER 5 YEARS:

Edinburgh Jona	158
East German	159
Govett Asian Smaller Cos	160
Korin-Europe Fund	205
Investec Korea	213

## Investec Korea



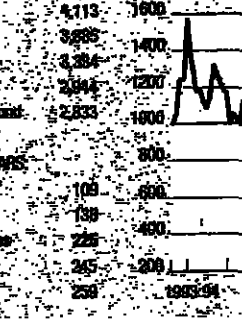
## TOP FIVE OVER 5 YEARS:

Foreign & Col Enterprise	3,113
TR European Growth	2,985
Jupiter Preferred	2,864
Guinness	2,844
Mutual Development Fund	2,533

## BOTTOM FIVE OVER 5 YEARS:

East German	158
Edinburgh Jona	159
Govett Asian Smaller Cos	160
Korin-Europe Fund	205
Investec Korea	213

## Guinness Asian Smaller Cos



## TOP FIVE OVER 10 YEARS:



















### Offshore Funds and Insurances

◆ FT Croyline Unit Trust Prices are available over the telephone. Call the FT Croyline Help Desk on 1-444-1711 873-4378 for more details.

**FT MANAGED FUNDS SERVICE**[illegible]



Subject	Duration	Age	Time
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[illegible]

**FINANCIAL TIMES**  
No FT, no comment.

[illegible][illegible][illegible][illegible]















Highs &amp; Lows shown on a 52 week basis

## WORLD STOCK MARKETS

## NORTH AMERICA

UNITED STATES (Aug 28/US\$)

DJIA

11,910.12

+100.12

+0.84%

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## EUROPE

UNITED KINGDOM (Aug 28/£)

FTSE 100

4,812.50

+100.12

+2.08%

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## COMPANIES &amp; FINANCE

## EMPLOYMENT SERVICES ACQUISITION OF ATLANTA AGENCY PROPELS DUTCH GROUP INTO NINTH SPOT

## Randstad makes \$850m push into US

By Jeremy Gray in Amsterdam

Randstad Holding, the Dutch temporary employment services group, yesterday stepped up its push into the US with an agreed \$850m acquisition of Strategic Solutions, the Atlanta-based temping agency which is part of the AccuStaff group.

Randstad said it will finance the cash deal through an equity issue which will lift its share capital by 10 per cent.

The takeover, the biggest in its 38-year history, will propel the Dutch company to ninth place in the US, the world's largest temping market in which Randstad has long sought to expand.

The announcement came as Randstad posted first-half net profits of \$110.7m (\$54.5m), up 30.4 per cent. The company attributed the rise mainly to strong turnover in the Netherlands and ongoing growth in European temping markets. Sales

totalled \$1.44bn in the six months, up 28.9 per cent. However, Randstad was one of the worst performers on the Amsterdam stock market yesterday, closing down 8.6 per cent at \$150.90, against a 1.4 per cent fall in the blue-chip AEX index.

Hans Zwarts, Randstad president, said Strategic's geographical spread would complement the Dutch company's strong position in the south-eastern states of the

US. The purchase would "strengthen its continued rapid growth in the US, guaranteeing a further increase in the US contribution to turnover and profit growth".

Randstad also wants to expand in Europe where its market share is tiny, the president said.

Strategic, which provides general and specialist temping services, has 360 branches in 36 states and annual turnover of about

\$1bn, Randstad said. The company is expected to post net earnings significantly higher than the \$28.2m of 1997. Its parent company, staffing and consulting group AccuStaff, cancelled a New York share listing for the unit in favour of a disposal.

The Strategic acquisition will add an estimated 10 per cent to per-share earnings in 1999, according to an analyst at a large Dutch bank.

He said Randstad "chose a good time to buy", as expectations of a US economic downturn have weighed on the shares of personnel agencies. The analyst estimated Randstad's return on capital at around 40 per cent, putting it well ahead of rivals such as Manpower, Kelly and Contingent.

Mr Zwarts forecast that net profits would continue to outpace growth.

The Dutch temping market grew about 23 per cent in the first half.

Mr Zwarts forecast that net profits would continue to outpace growth.

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The Dutch temping market grew about 23 per cent in the first half.

Mr Zwarts forecast that net profits would continue to outpace growth.

## Final bids round for Polygram films takes lower profile

Parent Seagram will accept \$750m as interest slows, says Alice Rawsthorn

While one set of Polygram's film executives enjoyed the London premiere of *Lock Stock & Two Smoking Barrels* this week, the company's senior management was approaching the end of a fortnight of presentations to prospective bidders.

All the would-be bidders have now been given a deadline of the second week in September to submit legally-binding offers. Polygram Filmed Entertainment (PFE), Europe's largest film group with a library of 1,500 pictures ranging from *Vietnam* to *Beethoven*, will then discover how many of them have decided to go into the final round of bidding.

There was no shortage of initial interest when PFE came up for sale this spring, following the \$10.4bn bid for its parent company by Seagram of Canada.

PFE has absorbed \$1.2bn of the Polygram group's capital since 1981, and has yet to break even, although it is scheduled to do so next year, providing *Lock Stock* and

other promising releases, such as the *Four Weddings and A Funeral* sequel, prove successful. Investors' interest in the sale was heightened when Seagram indicated it would accept \$750m for the business.

Canal Plus, the French media company, emerged as an early contender, followed by Carlton, its UK rival, and the EMI music group.

Several US financial consortia made preliminary bids, as did Chris-Craft Industries and Artisan Entertainment. Kirk Kerkorian, the veteran US corporate raider, tabled a last-minute offer on Monday, in spite of recently unveiling plans to sell MGM/UA, his Hollywood movie studio.

The initial interest in PFE now seems to be subsiding. Some of the financial consortia are expected to drop out, having entered the first round largely for promotional reasons. Similarly, the mercurial Mr Kerkorian may be keener on scrutinising PFE's accounts than on buying it.

A drink to success: The success of *Lock Stock & Two Smoking Barrels* will help PFE break even.

PFE's executives, who are handling the sale until Seagram's bid for Polygram is finalised in mid-October, might be relieved by the withdrawal of the financial bidders, which would doubtless appoint their own management.

Their preference is for a European owner, but some of those contenders are also looking wobbly. Pierre Lescure, chairman of Canal Plus, said on Tuesday that his group would not pay as much as \$750m for

PFE. Similarly, Carlton executives privately voiced concern about Seagram's price expectations to analysts last week. Carlton declined to comment on this yesterday.

EMI is expected to continue into the final round, in spite of the 18 per cent fall in its share price since Monday, when it publicly affirmed plans to bid.

Its shares, which closed at 418p yesterday against the 620p Seagram was willing to pay in May before spinning EMI for Polygram, were also affected by going ex-dividend

and by the market's turbulence. However, the share slide may make it difficult for Sir Colin Southgate, EMI chairman, to persuade his board to endorse a final bid for PFE.

This would represent a dramatic change of strategy as he has previously argued against music companies diversifying into film. EMI's non-executive directors, who dominate the board, clashed with Sir Colin this spring, blocking his proposals for senior management changes.

and could oppose him again over PFE.

Whatever EMI's board finally decides, the final round of bidding for PFE seems likely to be less frenzied than the first one, yet analysts remain convinced that it is an attractive proposition.

"Buying PFE makes strategic sense for a European media group like EMI or Canal Plus," says David Chermont, media analyst at Merrill Lynch in London.

"And it's going for a very fair price, if not a bargain."

## NEWS DIGEST

## FINANCIAL SERVICES

## SE Banken takes over investment arm of ABB

Skandinaviska Enskilda Banken, one of Sweden's largest banks, yesterday underlined its expansion ambitions in asset management by acquiring ABB Investment Management, part of the financial services arm of the Swiss-Swedish engineering group, for an undisclosed sum.

Lars Lundqvist, head of SEB asset management, said the takeover would increase the size of the bank's asset portfolio by 7 per cent.

ABB Investment Management controls assets of \$1.3bn (\$3.6bn), concentrated in Sweden, Finland, Norway, Poland and the US. Mr Lundqvist indicated that the takeover could be followed by other, similarly structured deals. Tim Burt, Stockholm

## INSURANCE

## Aegon in talks with rival

Aegon, the Dutch insurance group, said it is in talks with its domestic rival Nuts Ohra about selling its 80 per cent stake in Ennia Caribbe Holding, the Antilles-based insurance company. Ennia Caribbe, which includes Caribbe Life and Caribbe General, reported net income of \$1.5m (\$2.5m) on consolidated assets of \$1.397m in 1997. Gross premium income of \$1.132m was split almost evenly between life and non-life activities.

Aegon said the possible sale was in line with the group's strategy of pursuing growth in its larger markets - the Netherlands, US, UK, Spain and Hungary - with an emphasis on life and pension insurance as well as savings and investment. Jeremy Gray, Amsterdam

## FT/SP ACTUARIES WORLD INDICES

The FT/SP Actuarial World Indices are owned by FTSE International Limited, London, and SP, Inc., New York. The indices are compiled by FTSE International and SP, Inc. in conjunction with the Faculty of Actuaries and the Institute of Actuaries.

Index	THURSDAY JANUARY 24 1998										WEDNESDAY JANUARY 23 1998										DOLLAR INDEX	
	US Dollar Index	Days Change	Point	Share	Vol.	Bid	Local	Local	Local	Local	Point	Share	Vol.	Bid	Local	Local	Local	Local	Vol.	Days Change		
Amsterdam (72)	163.86	-0.1	147.58	147.79	153.95	156.93	-2.1	3.88	172.59	158.36	157.82	162.19	200.17	238.24	151.86	228.75						
Australia (22)	182.91	-0.1	184.42	184.71	171.81	171.21	-0.1	1.87	182.47	174.28	176.00	180.87	180.77	233.73	181.80	183.89						
Belgium (20)	350.82	-0.1	350.82	351.38	350.85	352.57	-2.0	2.10	350.82	350.82	352.40	351.60	354.21	358.52	354.29	356.65						
Brazil (20)	138.86	-0.1	125.03	125.25	120.49	120.38	-0.1	3.95	154.65	140.13	141.43	145.34	333.57	308.59	138.86	200.83						
Canada (119)	173.17	-0.1	158.92	158.19	162.74	168.19	-0.2	2.05	180.17	168.42	171.00	175.73	211.23	248.78	173.17	213.85						
Denmark (24)	269.23	-0.1	269.23	269.23	269.23	269.23	-0.1	1.30	269.23	269.23	269.23	269.23	269.23	269.23	269.23	269.23						
France (70)	265.87	-0.1	265.87	265.87	265.87	265.87	-0.1	2.32	265.87	265.87	265.87	265.87	265.87	265.87	265.87	265.87						
Germany (20)	261.05	-0.1	261.05	261.05	261.05	261.05	-0.1	1.30	261.05	261.05	261.05	261.05	261.05	261.05	261.05	261.05						
Greece (24)	254.88	-0.1	254.88	254.88	254.88	254.88	-0.1	1.30	254.88	254.88	254.88	254.88	254.88	254.88	254.88	254.88						
India (20)	254.88	-0.1	254.88	254.88	254.88	254.88	-0.1	1.30	254.88	254.88	254.88	254.88	254.88	254.88	254.88	254.88						
Italy (20)	254.88	-0.1	254.88	254.88	254.88	254.88	-0.1	1.30	254.88	254.88	254.88	254.88	254.88	254.88	254.88	254.88						
Japan (20)	254.88	-0.1	254.88	254.88	254.88	254.88	-0.1	1.30	254.88	254.88	254.88	254.88	254.88	254.88	254.88	254.88						
South Africa (20)	254.88	-0.1	254.88	254.88	254.88	254.88	-0.1	1.30	254.88	254.88	254.88	254.88	254.88	254.88	254.88	254.88						
Spain (20)	254.88	-0.1	254.88	254.88	254.88	254.88	-0.1	1.30	254.88	254.88	254.88	254.88	254.88	254.88	254.88	254.88						
Sweden (20)	254.88	-0.1	254.88	254.88	254.88	254.88	-0.1	1.30	254.88	254.88	254.88	254.88	254.88	254.88	254.88	254.88						
Switzerland (20)	254.88	-0.1	254.88	254.88	254.88	254.88	-0.1	1.30	254.88	254.88	254.88	254.88	254.88	254.88	254.88	254.88						
Thailand (20)	254.88	-0.1	254.88	254.88	254.88	254.88	-0.1	1.30	254.88	254.88	254.88	254.88	254.88	254.88	254.88	254.88						
United Kingdom (210)	254.88	-0.1	254.88	254.88	254.88	254.88	-0.1	1.30	254.88	254.88	254.88	254.88	254.88	254.88	254.88	254.88						
USA (20)	254.88	-0.1	254.88	254.88	254.88	254.88	-0.1	1.30	254.88	254.88	254.88	254.88	254.88	254.88	254.88	254.88						

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## WEEKEND BUSINESS

## BUSINESSES FOR SALE

## BUSINESS SOFTWARE

## BUSINESS SOFTWARE

## BUSINESS SOFTWARE

## BUSINESS SOFTWARE

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## BUSINESS SOFTWARE

## BUSINESS SOFTWARE









Swift assessment

'Reading Gulliver is one thing; meeting the seething black cauldron of a mind that produced the Yahoos is another'



A bird in the net

'Volunteers identified and weighed birds, noting the feather length and blowing back the fine down to reveal the skin'



A-creeping up on me

'Run-ins with the police are part of the warp and woof of life for buskers. Busking is a civil offence'

# Myths and mummies

The origins of man are under investigation, but cultural and religious concerns are hampering research. Gale Eisenstodt reports

**W**hen Victor Mair, a professor at the University of Pennsylvania, was leading a group through a museum in China's western Xinjiang province, he was startled by displays of ancient corpses with European features and blond hair. They were from the Tarim basin, 8,000 years old, splendidly clothed and remarkably preserved by the desert heat and heavily salted soil.

That was in 1987. China was then unresponsive to outside scholars, but important things were happening elsewhere. Western scientists were starting to experiment with ancient DNA, and over the next few years would learn how to amplify the fragile molecules found in archaeological remains so that they could be more easily studied. They would start extracting DNA from ancient bones, as well as soft tissue.

Inspired by news of these developments, and with China in a more open mood, Mair returned to Xinjiang, eager to investigate the identity of the Tarim mummies. To an extent, he has succeeded. But he has also confronted the harsh reality that history - even history that is thousands of years old - can become embroiled in the problems and prejudices of the present.

It is a challenge that scholars everywhere are encountering, because in the brave new world of anthropology, notions of race and identity are increasingly complex and fluid.

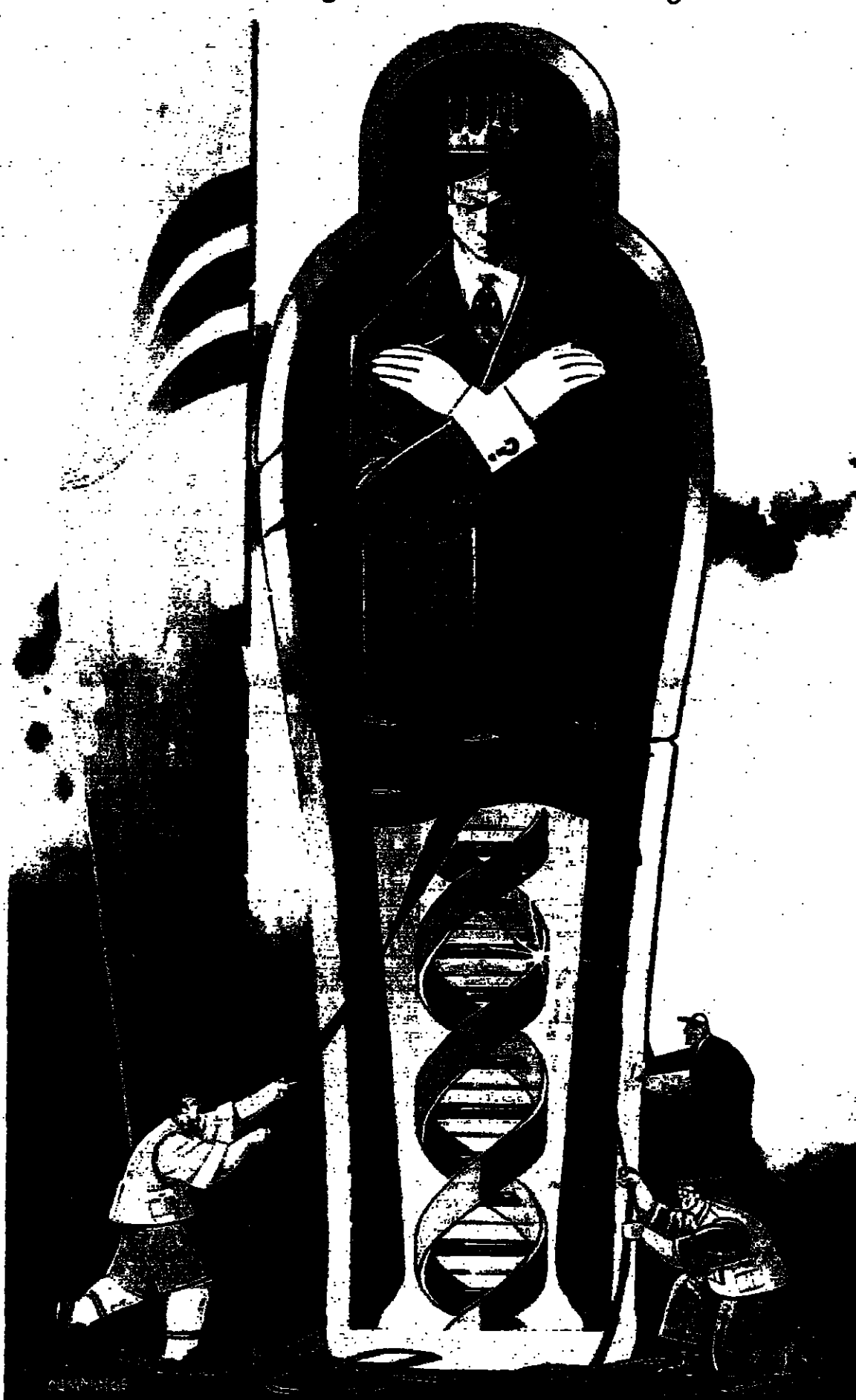
By comparing ancient DNA with that of living people, scientists are able to construct genealogies that circle the globe. These findings, in combination with improved dating and skull measurement techniques, are allowing scholars to rewrite the story of the peopling of the planet - but then, rapidly, to rewrite it again and again.

When scientists such as Luca Cavalli-Sforza started creating genetic maps of the world, their aim was to show that racial differences were superficial and to explore humankind's common links. An admirable goal. But for most people, questions of origin are hardly dispassionate matters. The borderless heart is as elusive as the borderless economy. One man's sand pit is another's treasured heritage.

It is not surprising, then, that scholars in countries such as Japan, the US and China are finding that their biggest challenges are not necessarily in the laboratory. Religious concerns - often variations on Creationist objections to Darwinism and political objections to the origins of the state - are slowing research.

There is no easy solution to hand. Perhaps one day the origins and ramifications of the extended global family will be fully understood. But for now, matters are likely to continue to be resolved slowly and in piecemeal fashion.

Mair has taken as his personal logo the snail, a wise choice so long as patience, the ability to wedge doors open and build trust remain vital research skills. They certainly are in China. Chinese officials are sensitive about research into the Tarim mummies because they cast doubt on a belief



has raised money to build sealed glass cases, but in China the trick is to make sure the cash gets to the right place.

If China is a thicket of sensitivities, then try the US. Amy Danie, an anthropologist at the Nevada State Museum, has been waiting two years for government permission to conduct DNA testing on the 9,400-year-old Spirit Cave Man, the oldest mummy in North America.

Local Native American groups claim the mummy is an ancestor and want it reburied. They object on religious grounds to it being examined.

Anthropologists, on the other hand, say the mummy, with its long cranium and narrow face, does not look like a modern American Indian. Instead, its features suggest somebody of European or Middle Eastern descent or perhaps even a more 'generalised' human from an earlier era. Its existence indicates that the peopling of the New World might be more complex than was thought.

Spirit Cave Man is one of a handful of ancient skeletons in the US. Kennewick Man, found two years ago in Washington State, which also has Caucasoid features, is the most famous. When radiocarbon dates showed it to be 9,800 years old, the government halted all scientific tests and prepared to return it to the Umatilla tribe.

That was in August 1996. A lawsuit filed by eight anthropologists requesting permission to study the skeleton has resulted only in slow progress.

At issue is a 1990 federal law, the Native American Graves Protection and Repatriation Act, which decrees that Native American human remains should be returned to the appropriate tribe. This law was designed to rectify a long history in Indian bones, but anthropologists maintain that its definition of Native American is too sweeping.

An immediate concern is relocating Kennewick man to a safe place. Earlier this year, the US Army Corps of Engineers, which was supposed to be keeping the bones in a secure repository until the case is decided, announced that femur fragments were missing.

More recently, the Corps allowed a Native American, unintentionally it seems, to take away a fragment of rib. "It's like an Abbott and Costello movie," sighs Alan Schneider, a lawyer representing the anthropologists.

The battle between researchers and those seeking to protect their history is repeated in Japan. Given that notions of uniqueness are central to the identity of Japanese people, and considering that until around 50 years ago, the government decreed the emperor was the divine descendant of the Sun Goddess, it is not surprising that some Japanese are not eager for science to examine their origins.

It is, therefore, intriguing to see how aggressively some local scholars are examining the peopling of Japan. In the past three years, Japanese and western researchers have teamed up to study the DNA of ancient and modern Japanese, as well as that of other Asians, to try to resolve the question of who are the Japanese.

Anthropologists have long debated whether the Japanese are descendants of the Jomon people, who occupied the country 12,000 years ago (an idea that Japanese anthropologists have tended to favour), or Yayoi immigrants who arrived from Korea between 400BC and AD250 (a notion more popular with Koreans). The DNA studies show that these relatively recent Korean immigrants made a big contribution to the modern Japanese gene pool.

What is not known, as Jared Diamond, UCLA physiology professor, points out in a recent essay, is whether there was a mass migration from Korea to Japan or a high birthrate among the group which arrived.

Decades ago, Japanese

**Scientists speculated that the first emperor was a Korean conqueror**

anthropologists speculated that the first emperor was a Korean conqueror. The theory lacked evidence but the Japanese often repeat it anyway in impolite banter.

So who was the first emperor and how did this social hierarchy evolve? One way of finding out would be to explore the huge imperial burial mounds dating from the end of the 3rd century to the 7th century.

Since the Japanese did not begin compiling written histories until the 8th century, the graves are a vital source of information about the country's early development.

What has been learned of the possible contents of the tombs is tantalising. In the 1980s, when archaeologists excavated a 6th century tomb that had escaped impe-

rial control, but which is now believed to belong to Emperor Sushun, they found a gold crown, gilt shoes and a saddle bow with Korean and Chinese design elements - evidence of cultural exchanges. In one 7th century tomb, probably of a high-ranking aristocrat, they found Korean-style murals.

The palace, however, refuses to allow excavation. Keeping the origins of the emperor hidden is one way to preserve his majestic aura. "The imperial family worships at these tombs. The most important thing is to maintain their quiet and dignity," says one palace official. But Japanese journalists regularly advocate investigation.

For the palace, the issue has become hugely embarrassing. To counter charges of lax preservation standards, the court began hiring its own archaeologists. These palace scholars are more sympathetic to the public's curiosity and are more open to the possibility of using less invasive means of exploration, such as radar and fibrescopes, but this is a controversial and sensitive topic.

Meanwhile, in typical Japanese bureaucratic fashion, the palace is muddling ever so slowly towards a compromise. Last year, the court surprised archaeologists by working with a group to make precision measurements of two burial mounds, providing important information for dating the tombs. And the palace has also allowed small groups of archaeologists to make brief tours of tomb sites when repairs are being made.

While efforts to unravel the ancient past are being slowed, archaeologists are learning profound lessons about how wedded we humans are to our false histories and our gods. And that the attachment can be particularly strong when the myth enhances power.

**The peopling of the New World might be more complex than was thought**

that their nation's early civilisation developed in isolation from the west.

There is evidence that the Tarim people may have played a role in importing horse-drawn vehicles and bronze technology into China - which all goes against the grain of China's propaganda apparatus. China is also worried that Xinjiang's ethnic Uyghurs, some of whom want independence from Beijing, see these mummies as evidence of their ancient ties to the land. Xinjiang is rich in oil and minerals, but Uyghurs face discrimination when seeking jobs.

Mair emphasises that linguistically and culturally the Uyghurs are most immediately related to Turkic speaking peoples who moved

into the area in the 8th to 9th century and absorbed the Tarim people.

On the other hand, Dolkun Kamber, an Uyghur archaeologist, speaks passionately of the "direct connection" he feels towards the Tarim people, and points to aspects of their culture that persist today, in textile design and footwear as well as in the Caucasoid features of some Uyghurs.

Local scholars have been in enormous help to Mair in overcoming officialdom. "It is wonderful working with Chinese anthropologists who are striving to uncover the truth," he says.

One important area of study has been into the plaid textiles found with the corpses. They are of a Celtic tartan style similar to woven

fabrics found in Hallstattian Europe (1100-500BC).

Mair is also researching his belief that the corpses are related to the Tocharians, a people who disappeared in the 10th century.

Several years ago, Mair took the geneticist Paolo Francalacci to China to extract DNA samples from the corpses. The government was hesitant about such tests from the start. It eventually allowed Mair and Francalacci to leave with six samples from two corpses instead of the 63 samples from a dozen corpses they felt they needed, given the weakness of ancient DNA and Mair's belief that the Tarim people may be of diverse origin. From the samples, only one gave a strong reading which pointed to that corpse's European origins.

Mair hopes to do more work on DNA but an immediate concern is the deterioration of the mummies. He

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**Hugh Dickinson**  
In memoriam

*'Time is not circular. But the celebration of anniversaries satisfies a deep need in some people'*

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With FT Weekend

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PERSPECTIVES

Minding Your Own Business

# Art of reproducing profits

Prints dealer Martin Trowbridge puts Grania Langdon-Down in the picture

**M**artin Trowbridge was 32 before he decided it was time to grow up. After seven years working from a room in his home in south west London, running around and never returning phone calls, he took the plunge.

In a 12-week flurry of activity, he went from a "bit and run" business selling antique and reproduction prints in America, with two US-based sales reps, to a mature business.

In 1982, he took leases on galleries in King's Road, Chelsea, in London, and in Atlanta and Chicago, and employed six new staff. "Things had to change," he said. "It took me until I was 32 to realise I had a very real business to be exploited - before somebody else did."

From 5,000 sales and an annual turnover of £300,000, the business has risen to 60,000 sales a year - about 60 per cent in America - and £3.9m turnover in just over five years.

It is worlds away from Trowbridge's introduction to art sales during his gap year in Australia before going to Oxford.

"It was 1979 and I was 18," he said. "I had run out of money and I met this guy who had had a set of 12 Australian landscapes reproduced for A\$1 each in Taiwan. He put five of us in a car with an A-Z street directory, drove us to a suburb of Sydney and dropped us off. We had to pay him A\$40 for every picture we sold."

"I was the star seller because I looked the most reasonable - the other blokes looked like thugs. I was then asked to manage the operation in Adelaide. I rang my father, he screamed with horror, and back to the UK I came."

The following year, however, his father, a former admiral of the royal yacht Britannia, was appointed governor of Western Australia. Remembering his earlier art lesson, Trowbridge took prints of Western Australia, culled from Victorian editions of the London Illustrated News, to sell to "smart society ladies" when he visited his family during university vacations.

After completing his BA in modern history, he joined his family in Perth. Knowing there was a market to be tapped, he left a "want list" of prints with



No more hanging about: it took Martin Trowbridge a long time to realise he had a very real business to be exploited

contacts in the UK, rented a garage from a student friend and sold the prints through "door-to-door junk mail in the best suburbs". He then held one-day exhibitions in shopping centres before opening a shop in Perth in 1983.

When his family returned to London in 1984, Trowbridge stayed on in Perth for a few months. Then he panicked. "It was all going too well. Was I at 24 wasting my life? So I took on a partner, kept a 50 per cent share

in the business and came back to the UK where I became marketing manager for a toy company. It taught me I could not work with the politics of a big competitive company." So he resigned and headed for the US with a range of flower prints.

"A friend was living in Chicago. So I turned up and persuaded his wife to work for me holding 'print parties' in people's homes while I concentrated on selling to interior designers and design centres. It was very

much a hit-and-run operation. People had to buy there and then or we would have moved on."

Once he decided to "grow up" and rent the galleries, he benefited from the recession in both Britain and the US with rent-free periods on leases. Selling his stake in his Australian business provided some of the funds to fit them out.

Having the galleries enabled Trowbridge to expand - by reproducing prints himself and by framing them. He is also an

antiquarian book dealer and produces prints from images in the volumes he handles. The frames, designed by Trowbridge, are hand-made by subcontractors.

Trowbridge is now a significant employer. 12 "road reps" in the US working on commission, organised through an administrative centre in Charlotte, North Carolina, which he set up in 1993, and 23 staff at his production base in East Sussex.

Trade prices range from £40 to £200 for reproduction prints,

which make up 80 per cent of sales, and from £100 to £2,000 for antique prints. The latter date from 1800 to 1900 and are mainly of fruit, flowers, exotic animals and architectural studies.

Turnover in 1993-94, the first full trading year after taking on the galleries, was £1.3m. The following year it was £1.8m. By 1995-96, sales had reached £2.3m and were £3.2m a year later.

Costs, profits and taxes have to be balanced between Britain and the US. Gross profits have been

between 50 and 60 per cent for the past four years. The main overheads are the galleries and staff - 62 per cent of total expenses - and producing the framed prints, which amounts to a third.

About 18 months ago, Trowbridge decided he needed to be more organised so he took on a managing director and a financial director.

And, needing a new challenge, he broadened into areas that complemented the prints. He introduced lamps, with sales of \$450,000 in the US so far, and, most recently, framed mirrors.

The expansion is prompting Trowbridge to change from being a sole trader to incorporating the business as a limited company.

"I have always developed the business through retained profits because I did not want to have too much debt," he said. "Developing the mirrors with specially designed frames from a carver in Italy needs an injection of money and, since the business is clearly working, it will now probably be easier to go to the bank for a £150,000 loan."

"With more investment and better distribution, it should be easy to double our turnover. But the bank isn't comfortable lending to a sole trader."

"And as a non-resident alien as far as the US tax authorities are concerned, if you are making increasing amounts of money you become a number one target for investigation. They are used to foreign companies but are suspicious of individuals."

The US remains Trowbridge's most profitable market and he visits every two months. He has two permanent showrooms at the world's largest furniture fair in High Point, North Carolina, held twice a year. The downside is that his prints and frames are copied by rivals within six weeks and sold for much less. But the sales from the fair are worth it. "We have just taken \$750,000 of orders in one week."

Trowbridge's outwardly relaxed approach, though, is counterbalanced by a "paranoia" about competition. "The fact that I have done it means to me that any old fool can do it," he said.

■ Trowbridge Gallery, 555 King's Road, London SW6 2EB; tel: 0171-371 8733, 715 Providence Road, Charlotte, North Carolina 28207, US; tel: +1 704 333 1020.

## The Nature of Things

# How the hairy ape went bald

Tom Barlow ponders why our ancestors came to shed their coats

**M**y father, who is about as bald as any man I've seen, has long maintained that baldness is a sign of a highly evolved head. The less hair, the more sapiens, he argues.

Not all men are able to welcome a receding hairline with such equanimity. But those who aren't should take heart that their affliction is trivial compared with a more substantial form of hair loss suffered by our species. For, at some point in the past 5m years, our ancestors lost much more than the hair on their heads; they lost, in perpetuity, the hair from nearly their entire bodies - at least, in effect.

I say, "in effect", because we haven't actually lost our hair, it has just shrunk. Only the soles of our feet and the palms of our hands are truly without hair. Everywhere else, the density of hairs over the surface of our skin is about the same as it is in other primates (about 5m hairs per individ-

ual). It is not so noticeable on humans because the follicles are miniaturised, making the hair small and fine.

Why might this have happened? What possible adaptive advantage might this have conferred upon us?

The main purpose of hair in most mammals is to provide insulation for heat regulation. You don't need to be a polar bear to appreciate the benefits of a good covering. But move a polar bear to the tropics and then ask how it feels. This suggests one possibility: that hair loss enabled us to prevent overheating during a warm period in our past.

There are two specific potential benefits conferred by naked skin to a mammal living in a warm climate. First, the loss of an insulating layer allows heat to flow more efficiently to the surroundings. Second, the loss of hair in particular makes it easier to use sweating as a means of cooling.

This latter factor may have been most important,

according to Robert Foley at the Department of Biological Anthropology at Cambridge. "Compared with other primates, we have a very efficient system of sweating, and once you're into sweating you don't want hair," he says. Sweat cools by evaporation. By absorbing moisture and blocking access to the surface, hair can impede this process.

**W**e are not unique, among mammals, in losing our hair to cool off. Some of the larger mammals of the African savannah - elephants, rhinos and hippopotamuses - have also lost all but a thin covering of hair. But if "going naked" really is such a great adaptation for staying cool, one would expect to see it also in other mammals of our size. So why don't we see naked cheetahs, gazelles and hunting dogs?

Peter Wheeler, professor of evolutionary biology at John Moores University in Liver-

pool, has an answer. We normally think of hair as keeping heat in the body, but it can also keep heat out of the body. In high radiation conditions, for example, hair can act as a shield, which is why a shorn sheep is more likely to suffer heat stress than one with a full fleece.

This is less of a problem for humans. "The key feature of cooling in humans that makes hair loss an advantage is their bipedal posture," Wheeler says. "A human is only exposing one-third of its body surface to the sun as a quadruped of the same size would be. If you take the hair off a four-legged hominid, you get a net loss in ability to prevent elevations of body temperature; if you take the hair off a two-legged hominid, you get a net gain."

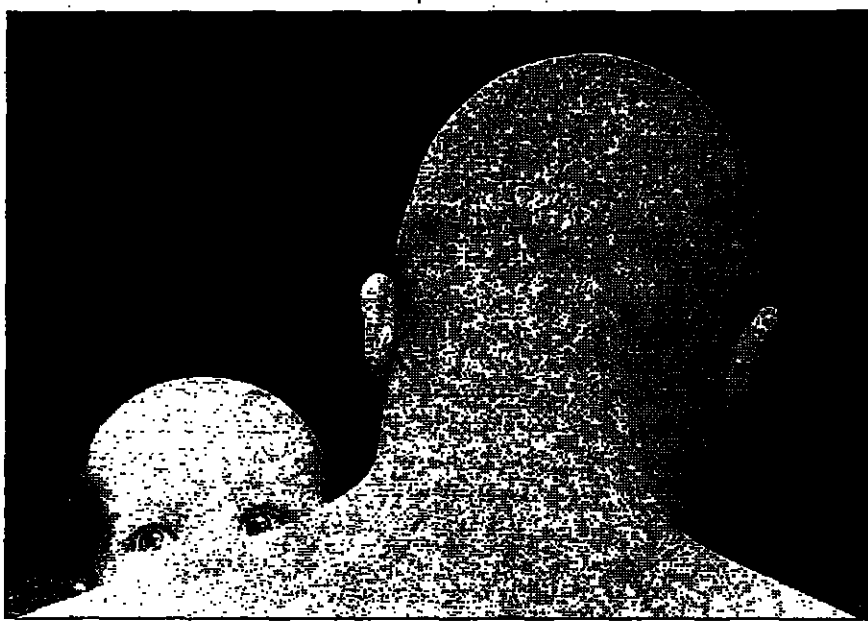
This explains why no other mammals of our size are hairless: there are no other bipeds. It also explains why we have kept a vestigial shield of hair on those parts

most at risk from radiation - for example, on top of the head, and to some extent on the shoulders.

Protecting the head is particularly important, as the brain is the organ most susceptible to overheating. (Most mammals have developed very specific brain cooling systems for this reason - this is why a dog pants. As a consequence, most mammals are able to tolerate much higher body temperatures than we are.)

Some years ago, in a speculative book called *The Aquatic Ape* (Sovvenir), Elaine Morgan drew an analogy between humans, dolphins and whales in order to suggest that the disappearance of human hair may have occurred as a consequence of time spent by our ancestors living in the ocean. To a physiologist like Wheeler, this idea doesn't hold water.

"The vast majority of aquatic mammals have not only retained their hair, they have incredibly thick, dense



Evolutionary: does a balding head denote a long and happy life?

hair," he says, citing beavers, otters and seals. Water conducts heat so quickly from the body that only very large mammals, with round body forms, tiny flippers and small surface area to volume ratios have been able to use blubber without fur for their insulation. Humans, in contrast, have a very large surface area to volume ratio, and become cold very quickly in water.

So, if hair really was lost

to help us sweat more efficiently, and if we kept it on top of our heads to protect our brains from direct radiation by sunlight, what could be the evolutionary explanation for balding?

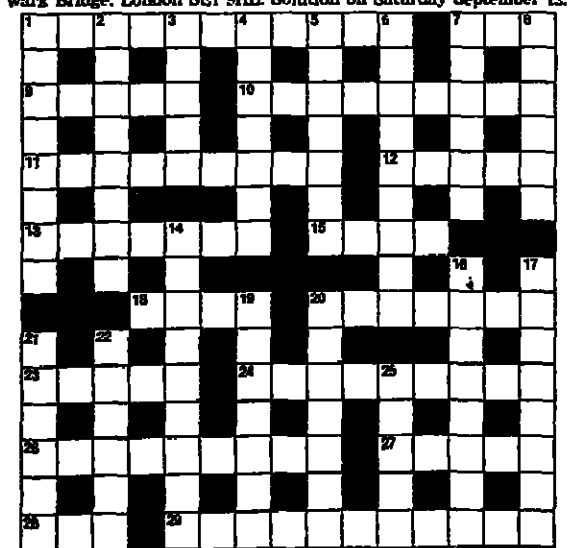
Many men believe that balding is a manifestation of sexual selection: a bald head shows that you have lived a long and happy life, rather than the silver back of a gorilla indicates that he has been around for a while and

knows how to survive. According to this idea, women go for men who have demonstrated their powers of survival, so premature balding would be advantageous to young men by allowing them to look more experienced than they really are. Unfortunately, there is about as much evidence for this proposition as for my father's credo, "less hair more sapiens". Despite his own shining example.

## CROSSWORD

No. 9,773 Set by CINEPHILE

The prize of a matching set of finely engraved personalised notepaper, envelopes and correspondence cards on Ecu Kid Finish Paper from Crane & Co will be awarded for the first three correct solutions opened. Solutions by Wednesday September 9, marked Crossword 9,773 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 8UL. Solution on Saturday September 12.



Name: \_\_\_\_\_ Address: \_\_\_\_\_

WINNERS 9,761: E.R. May, Cambridge, Mass, USA; G. Peckington, Tatham, Lancs; M. Yates, Jesmond, Newcastle.

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ACROSS

- 1 Sam leaves Uzbek city in concert - leave motors out of it! (4,3,4)
- 7 9 Ring about return of adjudicator - put motors on it (3,5)
- 10 No charge for food between deck and waterline (9)
- 11 Bright idea of American warrior circulating in Western Australia (9)
- 12 Not a long part, but it could be catching (5)
- 13 Student going to Ireland about return of America's free time (7)
- 15, 16 Secure something taken from gingerbread - barring possible removal (4,4)
- 20 Beast blushing at expression of affection? (3,4)
- 23 Do after the FT's aroma (5)
- 24 In a frenzy I topped Lord Lucan - hence downfall! (4,5)
- 26 Distinguishable name for American soldier's contrary disposition (9)
- 27, 28 Quincessentially American order (5,3)
- 29 Taking no chances, stay stiffer with difficulty (6,5)

Solution 9,772

DOWN

Solution 9,761

DOWN

- 1 Advertised dance coming up in the Field? (5)
- 2 Two painters - when about six, it's a very unusual thing (4,4)
- 3 Mary Anne's racial type (5)
- 4 Residence in river - take the air? (7)
- 5 Aquatic bird Channel islands raised - it's mostly unseen (7)
- 6 Bebeque? A pound debt met with rescheduling (9)
- 7 Probably also creepy sound of new town (9)
- 8 Yorkshire movement? (6)
- 9 Subway a failure? (9)
- 14 Laboratory power may be out of form (5,3)
- 17 End in allowance for slope (5)
- 19 Listener a fool - but a warm one? (7)
- 20 Payment without purpose to put on (7)
- 21 Attempt to swallow a little of the Tattler? (6)
- 22 Tattler and swallow? The weight for some to guess (6)
- 25 It's no use to tease (5)

Solution 9,761

ACROSS

Solution 9,761

## BRIDGE

The Auction Pairs

tournament staged by TGR Club in London was the biggest money bridge event held in the UK. Most of the prizemoney, however, went to the backers of the winning pairs, making this, primarily, a gambling opportunity. The field mixed the legendary with the unknown and, although the fancied US pairing of Howard Weinstein and Steve Garner took the honours, many of the former group fell to the latter.

This early deal was mastered by the top pairs.

N  
A K J 7  
A  
A K 6 4 2  
8 6 3

W E  
Q 10 8 A  
K Q 10 5 J 8 7 4 3  
9 3 Q J 10 8 5  
Q 10 5 2 J 9 4

S  
9 6 5 4 3 2  
9 6 2  
7  
A K 7

Dealer: N EW vulnerable

North East South West  
1D NB 1S NB  
4R NB 4NT NB  
5S NB 6C NB  
6D NB 6S NB

North's rebid of 4H was a powerful Splinter, showing

four card spade support, no losers in hearts, and strength to play in 4S even if South was minimum. As 4H would have been a forcing reverse, 3H should be a normal Splinter showing a singleton, leaving 4H to show the heart void or singleton ace. Despite this, many Souths stared at their seven points and dismal trumps, and settled for game. However, North's action has improved South's hand immeasurably. He holds a 10-card trump fit, and North's heart shortage faces his weakest holding, meaning that the points are concentrated in three suits, which improves trick taking potential considerably.

Top rubber bridge player, Colin Simpson, launched straight into Blackwood and, when his partner showed three aces, he followed up with a grand slam try of 6C. North emphasised his diamond suit, but South subside in 6S. In fact, 7S is an excellent contract, requiring no more than the expected breaks in trumps and diamonds. However, with both suits splitting badly, a small slam was the limit, and the points flowed to those who had bid it.

Paul Mendelson

## CHESS

Grandmaster chess is so

competitive these days that three English first prizes within a fortnight is cause for celebration. Luke McShane, 14, became the UK's youngest GM tournament winner at Lippstadt in Germany, breaking Michael Adams's UK age record by three years; McShane was also the fourth youngest player to score a GM norm. The City of London School pupil is advancing steadily towards the world top.

Then James Plaskett beat off strong US opposition to win this week's Hampstead GM event over a marathon 15 rounds. Here he achieves checkmate, rare in GM play, although White's defence is sieve-like (J Aagaard, Denmark, v J Plaskett).

1 d4 Nf6 2 c4 e6 3 Nf3 c5 4 e3 d5 5 Nc3 Nc6 6 cxd5 exd5 7 Bb5 Bb6 8 0-0 0-0 9 h3 Re6 10 a3 a6 11 dxc5 Bxc5 12 Bd3 Ne5 13 Re2 Qd6 14 b4 Bb6 15 Qc2 Nc3+ 16 Rxd3 Bc7 17 Rd1 Qb2+ 18 Kf1 Re5 19 Rb1 Bd7 20 Qc2? Qb1 mate.

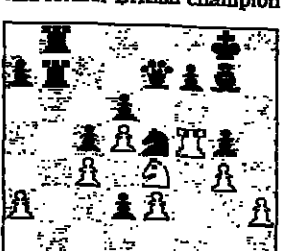
Fans of speed chess can compete for gold medals today and tomorrow in the five-minute and 10-minute sections of the Mind Sports Olympiad at the Novotel Hammersmith. Events start 10am and 4pm both days.

Paul Mendelson

No 1248

A Martin v S Knott, 1998. Fund manager Simon Knott won the IM tournament at University College School, the second of three required results for the international master title.

Next to bond specialist and former British champion



Paul Littlewood, Knott is the strongest chessplayer among full-timers in the London market. Any challengers to the British duo from Wall Street, Frankfurt, or other leading bourses?

As Black (to move) Knott went 1...Rb1! 2 Qxb1 Rxb1 3 Rxb1 and now the point Nf3! 4 Rxf3 Qxf3 and the threats Qxf3, Qxg4 and d5 soon forced resignation. But how would Black have met 1...Rb1 2 Qd2?

Solution, Back Page

Leonard Barden



## PERSPECTIVES

Hugh Dickinson

## Memories caught in the spiral of the year

Time is not circular. But anniversaries, such as that of the death of Diana, Princess of Wales, satisfy a deep need in some people

Emily saw her father on the stairs. He smiled at her and said: "All is well."

Unsurprising, perhaps, but it happened on the first anniversary of his death, a death which had affected her so profoundly.

That first anniversary had begun to cloud her thoughts several weeks before it arrived. It was almost as if she were having to relive the trauma of his death all over again, rather as those traumatised by terrible experiences are haunted by flashbacks or recurrent nightmares. Many people find themselves newly overwhelmed by grief on the anniversary of bereavement.

But we also celebrate the anniversaries of cheerful events, such as birthdays and weddings, and national events, such as VE Day or the Queen's accession to

the throne, the fall of the Bastille or the Battle of the Boyne.

There are even almanacs containing strange remembrances for every day of the year. The Church is expert in this field, with a grand roll-call of saints who get a mention once a year. There is hot competition for space in the calendar.

It's so natural and familiar that we don't stop to consider how odd it all is. Time is not circular: it is linear. As we live in it - or as it carries us along - it is more like a railway line running from east coast to west coast than a merry-go-round.

Events in the past grow more distant; we cannot revisit significant stopping places, and our memories of them and the people on the platform begin to fade.

Yet we urgently need to hold on to the past and retain the

power to recall it because our essential identity was given to us and formed along the line. Who am I if I have no past? Each morning when we wake, we have to recover our memory in order to know who we are. Those who have lost their memories have lost most of their true selves.

So it is mighty convenient that the earth goes round the sun in a steady orbit to enable us to pretend that time is, if not cyclical, at least helical.

We can't go back. But as each swing of the fictional spiral of time brings the earth back to the same place in its orbit once a year, we can feel we are separated from the event itself not by 52 weeks but by the narrowest gap, between one turn of the helix and the next.

Moreover, the returning seasons give colour to the memory. We say that it was on just such a



Princess of Wales: a small part of history, shaping the Universal Pictorial Press

bright March day as this that Emily's father died; in just such stormy June weather that the D-Day landings of the second world war went ahead in which

John lost his foot on a landmine; and on just such a hot and steamy summer morning that my daughter was born.

So we recall the lost people and lost events of our lives and own them as part of our present selves, however shadowy. There is a deep religious instinct in this remembering.

Central to worship in the Christian Church is the Eucharist or holy communion. With the bread and wine, today's disciples obey Christ's command to "do this in remembrance of me", believing that the action creates a "real presence". He told them: "I am with you to the end of time." We don't need the millennium.

But what about Elvis (21 years), Hitler (53 years), Diana, Princess of Wales (one year)? In each case, there are people who believe that they were "more

than human" and are not really dead. They have attracted cults of fans, whose worship is starting the process of paganism and transformation. Elvis is now "Christ-like", Hitler the lost messiah of the Aryan folk.

We - or most of us - need such myths to feed a deep inner hunger. My national history, my family stories, my heroes and heroines (or role models) provide my life-support system and keep me in orbit round a central star of meaning, purposes and destinies. Cut me loose from that and I drift off alone into the terrifying void of intergalactic space. A straight line going nowhere.

And Diana? I detect a faint embarrassment at that uninhibited outpouring of grief last year. But as the spiral of the year brings us back to that awful moment in the underpass in Paris at the end of last August,

we can feel again that a light has gone out for millions of ordinary folk. Only the relatively small light of remembrance continues to burn.

As another rotation of the earth carries us back to the anniversary, we can imagine that we are close, almost within touching distance of the lost princess. She is, after all, part of our history, helping to shape the way we are.

There will always be people who want to go on collecting memorabilia, to keep hold of her hand, to keep on going back and nurturing a dream. Perhaps one day, someone may even see her on the stairs of Kensington Palace.

But no matter how hard they wish, the inexorably straight line of time will carry them and us away from her, the light gradually dimming, the pain easing, the memory becoming absorbed.

Dinner with the FT

## A not-so-simple mind turns to thoughts of football

Pop star Jim Kerr sees Glasgow Celtic as a symbol of pride and heritage. He tells Annalena McAfee about how he intends to buy his favourite club

He looks the part: the photogenic pop star entering his middle years. Mirrored sunglasses, a broad gold chain round his neck and a south of France tan. The worry is, will Jim Kerr, lead singer of stadium rock band Simple Minds, act the part, too? Dinner is one thing, but can the Financial Times accommodate the extras traditionally associated with the creative end of the music industry? The girls (a pre-prandial blonde and two post-prandial brunettes)? The stimulants (a case of vintage champagne)? The tantrums?

From the outset, in the foyer of the Palace Hotel in Madrid - the latest leg of Simple Minds' European tour - he seems set to confound stereotypes. Perhaps the ritual hurling of the television set through the window of his luxury suite will be staged later. But for now, Kerr is all quiet charm. He agrees to be photographed, but admits the process makes him "feel like a pranny". He proposes a modest glass of Cava in the hotel's wood-paneled bar before our meal. He is polite, self-effacing - and literate. But is this rock 'n' roll? "You mean substances? Lost weekends?" He laughs. "We've done all that. You can only keep it up for so long."

At 38, he's been a successful pop star for more than half his life, performing before millions in the great cities and the most exotic locations in the world. Coming from a tough background in Glasgow, he now has homes in Nice, London, Dublin and the Scottish Highlands, and is said to have amassed a personal fortune of more than £40m.

We walk to a discreet restaurant nearby where, over a saffron-scented fish stew, Kerr explains how he plans to use a large chunk of that carefully marshalled wealth. He is, controversially, planning to buy the ultimate boy's toy - his favourite soccer club, Glasgow Celtic. At one level, this is nothing new: rich men - local lads made good - have often returned to sit in the director's box of the club that once carried the freight of their boyhood dreams.

But, according to Kerr, Celtic is not just a football team. It is a symbol of pride and heritage for a distinct ethnic group. The history of Celtic (pronounced Seltic), the team, embodies the modern history of the Celtic (pronounced Keltic) people.

"When I was growing up in Glasgow, there was not much to be proud of," he says. The shipyards were closing and the coal industry in outlying regions was dwindling. Unemployment and poverty were widespread in what had once been the second industrial city of the British Empire.

Then, in 1967, Glasgow Celtic, an unglamorous football club from a city best-known for its slums, violence and endemic alcoholism, became the first British team to win the European Cup, with a 2-1 win over Inter Milan in Lisbon. It was founded

by a Roman Catholic priest in 1888 among the Irish immigrant community of Glasgow's East End to raise money for his charity, the Poor Children's Dinner Table. Its players wore the green of old Ireland and its logo was the shamrock.

"Suddenly, we could be proud to come from Glasgow, proud to be Scots-Irish," says Kerr. "I am a Celt, and I love and take great pride in both my Scots and Irish roots. When it comes to football, like my fathers and forefathers, I feel that there is only one club that I could emotionally identify with - this club reflects my identity, as a Glasgow Celt, within its name."

He is concerned that the present director of the club, Fergus McCann, "is attempting to take the green out of Celtic and

replace it with beige. The current board seems hell bent on distancing the club at all costs from its original identity." This would be disastrous, for both fans and players, says Kerr. "It is the club's heritage as well as the skills that I cheer for during a Celtic game."

To some, though, the club's sense of history has had a darker side. Supporters' songs have evoked victories that are more political than sporting.

The Irish tricolour flag has been waved. Republican songs celebrating Dublin as a place where "the bayonets slash the Orange Sash to the echo of a Thompson gun" have been sung and the IRA's Gaelic slogan Our Day Will Come has been chanted on the terraces of the club's Parkhead stadium.

Celtic's intense rivalry with Glasgow Rangers has reflected sectarian conflicts on the other side of the Irish Sea. Rangers, which for many years had a policy of not employing Roman Catholics, has been strongly associated with the Protestant Orange tradition of Ulster, and its supporters have sung lustily of being "up to our knees in Fenian [Irish Catholic] blood".

In the past, Rangers-Celtic fixtures have resulted in bloody riots, and as recently as 1986 a 19-year-old schoolboy was murdered by a Rangers fan simply for wearing the green and white colours of a Celtic supporter.

Kerr, sipping a glass of sparkling water, is at pains to distance himself - and his team - from any links with sectarian violence. In many ways, Glasgow and its sporting institutions have

been transformed since the "Lisbon Lions" reawakened a sense of local pride.

Demographics - input from Glasgow's large Italian and Asian communities - and the growth of a single market in sporting personnel (last month, Celtic signed up the Croatian coach Josip Venglos and there are now 30 non-Scots playing for Celtic and Rangers) have led to a dilution of hostilities.

Both McCann and his Rangers counterpart, David Murray, have been involved in attempts to stamp out the sectarian spirit. McCann has banned Republican songs from the terraces and Murray recently fined the (English) Rangers player Paul Gascoigne £20,000 for taunting Celtic fans by miming the playing of an Orange flute.

Kerr, however, feels McCann at least has gone too far. "Celtic FC itself has never been about bigotry and never will. The greatest manager, Jock Stein, who managed the Lisbon Lions, was a Protestant. The charge that to celebrate the club's original Irish-Scots identity somehow makes you into one who believes in bullets and bombs is hysterical. You might as well blame us for *Riverdance*."

Football clubs, regardless of their roles in the psyche of an immigrant community, do not come cheap. McCann, who made his fortune in Canada before returning to his native Scotland, is said to have put £28m into Celtic which, until his arrival in 1994, was on the brink of bankruptcy. He has announced his intention to sell the club next year and there have been rumours of interest from a Japanese bank.

Kerr, however, has teamed up with Brian Dempsey, a former director of the club, and there are plans for a consortium of "Celtic-minded" people with input from the Irish-American green dollar.

"I hope that with the positive new political developments across the Irish Sea and the recent Scottish independence scenario there will be much more direct interaction between these great Celtic nations," says Kerr. "Relaunched on a worldwide basis, Celtic FC, by virtue of its name alone, could be the sporting symbol for many who are emotionally connected to this part of the world."

All this talk of global expansion is getting heady. I persuade Kerr to have his second glass of wine of the evening and suggest there must be easier and more diverting ways for a wealthy pop star with an international following to spend his time and money.

"Sure," he says with a smile. "This inner voice tells me that I should be holed up in one of those great palaces of Jajpur, or searching the bars of Havana for the ghost of Hemingway. If I really were of sound mind, I could be riding bareback through the Camaguey before taking Miss Italia up on the offer of that weekend in Capri..."

Instead, he says, he finds him-



Jim Kerr: "I've found that if you have the gall to try and be successful in a few different fields, then the criticism could be harsh"

Andres Coma, Reuters

self "in Glasgow, fretting weekly over no-score draws against illustrious sporting institutions like Raith Rovers, Kilmarnock and Falkirk". This is not quite true.

Much of the fretting is done long distance because his band are on almost perpetual tour. As a musician, he has had his critics, particularly in the UK where the band's arena-filling sound was at its most popular in the early 1980s. Simple Minds' new album, *Neopolis*, was released recently to a muted reception. "Britain is more trend-led," he says insouciantly. "And that's as it should be."

He can afford to be magnanimous: in continental Europe and

Japan, Simple Minds' concerts regularly fill stadiums built to accommodate global sporting events. After Spain, he was off to play in Brussels with the Rolling Stones. "It's great to play with the Stones. It makes me feel really young again."

But he is a pragmatist. "I love touring and performing," he says. He seems as astounded as anyone that there is no sign of the Simple Minds market bottoming out. "But it can't go on forever," he says cheerfully.

Twice married (to American rock musician Chrissie Hynde and actress Fatsy Fann - now Mrs Liam Gallagher), he has three children and talks of their

futures like any responsible family man. "Having kids really makes you plan ahead."

He started out initially as a teenage singer with the charmingly named Johnny and the Self-Abusers. "I was advised by this accountant, a young Edinburgh girl, to put our money into property and to take out pensions. We said: 'Pensions? Us? You must be kidding!' But she was right. She's still our accountant."

He discovered, to his surprise, that he had a head for business. "I just happened to be a creative type who relishes opportunity and challenge." This talent, and candour, did not give him much credibility in the UK music press.

"I've found that if you have the gall to try and be successful in a few different fields, then the criticism could be harsh. The world of business belongs to those who can evolve naturally. The others are destined to calify."

I pay the bill and notice that his second glass of wine is untouched. He returns to the hotel.

The possibilities of girls and stimulants have receded. And the television remains secure in its mooring. It seems that the more likely late-night itinerary for this rock star includes a football match on satellite TV and a quick phone call to his accountant.

Jim Kerr 1998



## PERSPECTIVES



## The pain behind Leipzig's smile

The city has cast off its communist shackles, but is paying a price for its freedom, says Graham Bowley

On a warm August evening in Leipzig, two young youngsters sing and strum guitars beside the cobble market square. Well-behaved Schickel-Mickis - German-style yuppies - gossip over beer and sausages in front of the resplendent Old Town Hall.

In the refurbished backstreets, businessmen spill out of ancient bierkellers once favoured by Goethe and Luther, while around the more modern bars students crowd on to the road. Car radios thud as Audis and BMWs speed past. It's just like any other German town in the late 20th century.

This is a far cry from the ragged city that emerged from the ruins of East Germany in October 1989. Faced with such scenes, it is hard to imagine that the protests which culminated in the collapse of the tottering communist German Democratic Republic first began.

At that time, amid the poverty and grime of the old Soviet bloc, the city's downtrodden citizens gathered in St Nicholas's Church to pray for change. The meetings slowly grew until crowds filled the roads around the city.

Leipzig became the *Stadt der Helden*, City of Heroes. The protests spread throughout Germany, culminating in the crumbling of the Berlin Wall and the reunification of Germany. They ushered in a new era which has transformed the city.

"Leipzig has changed, you cannot compare it to those times after the wall came down," said

Horst Ahrens, a banker who came to Leipzig in 1990. "The city was black from the poor quality soft coal used for heating. In winter, there was smog. And then, there was the typical GDR smell."

Since then, Leipzig has emerged as one of the east German cities best at coping with the new economic and social forces unleashed by the revolution. But the legacy of those former times remains painfully in evidence, despite the façade of prosperity.

The city's once strong economy was weakened by the decades it spent behind the Iron Curtain. For centuries, it drew much of its vitality from its celebrated trade fair, or *Messe*, which attracted merchants and wealth from around the world. Up until the second world war, it was also an important centre for publishing and printing, a *Stadt des Buches*.

But when Germany was divided, many publishers and printers fled to the west and while a trade fair continued, its popularity dwindled and it was usurped by Hanover and Frankfurt.

The lifting of the Iron Curtain proved a mixed blessing. Competition from stronger western rivals destroyed much of what was left of Leipzig's printing industry, and the *Messe* was robbed of even eastern markets and producers for its trade as the rest of the Soviet bloc imploded.

The result, today, is an unemployment rate of 18 per cent. One of the town's many official notices is *Leipzig Kommt!* (Leip-

zig is coming!). But local people add: "Woker?" (from where) because the city has fallen so far. "Leipzig is a victim of the second world war. Only a few of the businesses that left after the war have returned since reunification," said Johannes Ritter, who was superintendent of Leipzig's St Thomas's church from 1976 until he retired last year.

The city's economic vulnerability is only part of the legacy of communist East Germany - it has also left behind painful social dislocation. After 50 years in a totalitarian state, the people of Leipzig suddenly face an unfamiliar and uncertain world.

"We are under new pressures. Under socialism, we complained at work when we were unsatisfied, but outside work we could not say anything, it was too dangerous. Now it is absolutely the other way round," said Gottfried Domel, a researcher in veterinary medicine at Leipzig University. "I can say what I like outside in the street, but people are afraid to say anything in the office because the bosses notice. In fact, people have become more individualistic than before, they keep their doors closed."

In their everyday lives, east Germans face new responsibilities on issues that before were decided for them. "It was like heaven opening when the demonstrations were successful on October 9 [in 1989]," said Ritter. "But we had to realise this would not be the promised world - that, although we would live in freedom, there would be new problems, that we would have to take care of our own lives."

"In GDR times, we were like children; we were not expected to make our own decisions."

One of the biggest challenges has been for east Germans to rebuild their lives, accepting that the political philosophy that guided their country for decades has been discredited. Coping with the transformation has been difficult - even for Leipzigers, who are proud of the openness to the west they cultivated even during communist times. It has been aggravated by high unemployment, which is forging a sharp and painful distinction between those that have work and those that do not.

"The city is divided. It is a happier, but still a torn city. It is good for those who have jobs. But those who do not are frustrated," said Hartwig Hochstein, editor of the *Leipziger Volkszeitung*, the city's main newspaper and an official government publication under the old regime.

"I see the old class warfare being played out again on the letters pages of my newspaper. But the politics is not so much about ideology any more, but about whether their children will have jobs. We try to give advice on insurance, health; we try to simplify things for people who find themselves in these new circumstances," he added.

Leipzig's economic and social difficulties have had important consequences. According to Domel, there has been a rise in alcoholism, drug-taking and criminality in the city. "These are problems which we did not know under socialism and people are worried," he said.

Another result has been an increase in political extremism, expressed each May in clashes between *fascists* and leftwing protesters at the *Völkerrabacht* monument in the suburbs. In this year's elections for the city mayor, the PDS, the Communist party, came second, behind the left-wing SPD. Both beat the *Deutsche Volkspartei*, the far-right party.

The east's difficulties have also bred among some people a grudging mistrust of their western compatriots. They complain that prosperous westerners show scant sensitivity to the east's upheavals and care little for their problems. They are incensed by the lack of coverage given to the east in western media which, they maintain, remain concerned only with western issues. Westerners, for their part, begrudge the large amounts of public money spent on the east's renewal.

But there is hope for Leipzig. It is the money from the west that has transformed it from a former communist disaster area into a beautiful city of grand houses and ornate passageways.

The restoration of the city to its historic glory, along with the building of modern facilities such as a spanking new airport and trade grounds, puts to shame the shambles of new developments in Russia and other parts of eastern Europe which have not benefited from German money and skills.

"The east is like a New World, more like America than west Germany. We are starting new again, not like the old west," said Knut Lischke, a former physics lecturer who, as chief executive of PC-Ware, a computer software dealership, is one of Leipzig's new entrepreneurs. Indeed, Leipzig is a reminder of the quiet revolution which Germany has accomplished behind the gloom of high national unemployment statistics and stagnant growth.

Germany has appeared to struggle over the past few years, but it has been carrying a heavier load than other developed nations of the west. In under a decade, it has absorbed a country that was virtually on its knees.

Today, Leipzig is almost up to western standards, which holds out hope of a brighter future for the country. "I have my freedom, which is the most important thing. I work six days a week. And on Sundays I cook fresh fish, fruit, big meals - we didn't have these things in GDR times," said Heinrich Bambusek, a taxi driver, rubbing his belly.

Leipzig has already been successful in attracting new service industries, such as banking. The city's elders hope for a renaissance of the *Messe* and of the book and printing industries. "We shall be a software city, a services city. I say to the west: 'Go East'," said Detlef Schubert, the deputy mayor and city councillor.

While services may be flourishing, not all Leipzigers are happy about abandoning the steel mills and smoke stacks of industry, so idealised in communist ideology, to become simply burger-flipping drones. Many worry that services alone will not be sufficient to guarantee the region's long-term health: manufacturing industry will be needed to generate wealth and permanent jobs.

"Industry has fallen away, that was so important. We have become a city of dealers and service people. That is the difference," said Lischke.

Until Leipzig enjoys more broad-based prosperity, its refurbished houses and office blocks will remain empty. Vast acres of offices and homes still stand untouched, fuelled partly by the building boom which was triggered by tax investment incentives.

The empty offices aggravate Leipziger's unease that the city's present affluence and normal appearance is illusory; it is in fact in turmoil. Said Horst Ahrens: "It is like a Potemkin city, a city of façades. These buildings are being transformed. Only the façades are standing; within, everything is torn down."

A short, flipped step off the stern of MV Outer Edge and the blustery winds of the Coral Sea give way to bubbles and the cool blue waters of the Great Barrier Reef. Triggerfish patrol their territory, a purple-green parrotfish bubbles at a coral head, alert for predators. A thousand undersea eyes are on watch, silent and solitary witnesses perhaps to a human drama.

It is seven months now since Eileen and Thomas Loneragan pulled on their diving gear, stepped into these turquoise seas and vanished. But the mystery of their fate still ripples around the north Queensland town of Port Douglas, where the Loneragans boarded the Outer Edge charter boat and set out for the reef on January 25.

Bits of their equipment still wash ashore, grim reminders of their disappearance. This month it was a flipper belonging to Eileen, like her husband a US Peace Corps volunteer and an expert diver. Buoyancy vests and weight belts have also been recovered - but no bodies.

The macabre flotsam has fuelled interest in the case in Port Douglas and far beyond. Fascination has focused on the nature of the incident and the questions that remain. Were the Loneragans accidentally left behind to drift to a dreadful death almost 40 nautical miles from shore? Or, as a rival theory suggests, did they stage an elaborate disappearance?

Either way, the events of last January and the lingering suspicions are hardly ideal public relations for Port Douglas. An unlikely setting for a mystery, it is known mainly as a relaxed resort, often chosen by celebrities taking time out. Jerry visited

## If only the fish could talk

The disappearance of two divers is making waves in a relaxed Queensland resort, writes John Ridding

after the last *Setfield* in the US. Bill Clinton rested here last year.

Mindful of the bad publicity, local authorities want to draw a line under the case. This month, the Queensland police hope to conclude an inquiry for the missing divers. "Everyone has their own idea," says a stablehand at a local ranch and a Port Douglas resident since before the tourists arrived.

"There are too many loose ends." For the local police, the case centres on a simple but tragic oversight. After being given permission to dive on their own at Fish City, for the third and final descent of the day, they say, the Loneragans were accidentally left adrift when the other divers returned to the boat. "The Loneragans appear to have been left at sea by the Outer Edge, as a result, primarily, of an erroneous head count," says the police report presented to the inquest.

"It is presumed, on the evidence available, that they perished at sea." This view appears to be backed by a message on a diving slate discovered in June. "We have been abandoned on Alghout Reef by MV Outer Edge... Please Help Us... to rescue us before we die. Help!!!" read the plea. The Loneragans were not rescued.

Their absence was not noticed until two days later when Jack Neirin, co-owner of the vessel and skipper on January 25, found a wallet belonging to Thomas Loneragan. A sea and air search was launched, but there was no trace of the American couple.

This simple account, however, leaves a number of threads untied. Initial theories that the couple had been eaten by sharks - an explanation for the absence of bodies - appear at odds with the unmarked buoyancy vests washed up on a northern beach. The vests themselves pose an additional question. "As a diver, the last thing you would take off would be your BCD [buoyancy control device]," says one local dive master.

While writing on one side of the diving slate was judged consistent with that of Thomas Loneragan, the side with the plea for help was less clear. "Opinion as to authorship was inconclusive," according to the state document examiner.

Many in Port Douglas believe the Loneragans could have swum to a large and well-lit pontoon in the vicinity. Although more than two nautical miles from Fish City, it would have been visible to the lost divers. There were also several boats in what is a

popular diving area on the Great Barrier Reef. More than 20 alleged sightings of the Loneragans have been reported in the months since their disappearance, from as near as neighbouring towns and as far away as New Zealand. A crew member of the Quicksilver dive company told police that the headcount on his boat on a return journey from the reef was three higher than the number on the outbound trip. He remembered hearing American voices on board because they stood out among his all-Italian party.

There have even been parallels drawn with previous attempted disappearances. In 1985, for instance, an American attempted to fake his own suicide by jumping off a car ferry in South Australia. When a rescuer dived in to save him he found the man - holder of a \$3m life insurance policy - sitting on the seabed breathing from a concealed air bottle.

Police dismiss these claims. While the alleged sightings have been investigated, they say, "each remains unsubstantiated". The theory of the staged disappearance, adds the official report, is undermined by the lack of apparent motive. The total life insurance policies held by the couple amounted to \$45,000.

"Such a sum is not consistent with a life insurance fraud," says the police.

Moreover, if the Loneragans were attempting to stage their disappearance, they would have chosen a less complex plan.

"Given the circumstances surrounding their disappearance, a highly sophisticated plan would need to be conjured up involving collaboration with the Outer Edge crew or with that of some other vessel in the area," says the police. "The other vessels in the area at the time have been identified and the skippers interviewed." But no useful information was forthcoming.

A broader lack of information, however, and the absence of bodies, suggests to many in the community that the mystery surrounding the Loneragans will outlast the inquest. "This case will live on and on," says a crewman of one local vessel. "Maybe the fish know the real answers. But they don't talk."

### CORRECTION Istanbul

In an article published in the Weekend FT on August 8/9, it was stated that around 100,000 Greeks were evicted from Istanbul in 1985. This was incorrect. In fact, the Greek-speaking population of the city had declined from 109,000 in 1985 to 43,000 in 1995. In 1964 and 1965, some 6,000 Greek nationals were given little choice but to leave, accused of activities "dangerous to the internal and external security of Turkey". By the end of the 1960s, only a few hundred Greek nationals remained in the city, according to most reliable accounts.

### Microflight 98 / Rory Jeffes Suspended above shimmering waters

Rory Jeffes and Steve Smith are flying a microflight aircraft from India to the UK as a major fundraising project sponsored by the Financial Times.

Flying across a large expanse of water goes against the grain. If the "hump" of metal behind you decides to stop working, then there is only one place to go, and that involves getting wet. "To get from Jordan to Greece we have had to cross 600 miles of water in three hops, taking about 15 hours. Sitting in an open cockpit, strapped around your neck and life-line strapped to your legs, you feel very vulnerable as you crawl over the sea towards the next island, which your navigation system tells you is still more than four hours away. Then you worry about the quality of the fuel you picked up at your last stop - will it keep those pistons going?"

After becoming accustomed to this, another sensation builds up. With no landmarks below, and usually no horizon because of the heat, you have an overwhelming feeling of being suspended in space and of not moving anywhere over the shimmering expanse of water. There is an enormous temptation to get out and stretch your legs.

Such disorientation is quite common, so you simply watch and above all trust, the instruments that register your steady progress towards dry land.

But how would you ditch if you had to? There are reefs of learned theories on whether you land across the waves or into the swell, try to surf to a standstill or stall the machine into the water. One thing is certain: the microflight floats about as well as a rock. So you again check the quick release on the life raft, and listen carefully to the engine.

But all this is behind us now. We have made our last landing sea crossing - to Italy, arriving in Brindisi on schedule for our slot at the Farnborough International Air Show on September 8.

The Greek islands were spectacular from the air. We have covered 16 countries and nearly 8,000 miles so far, all in 24 days. The experience will remain with us for the rest of our lives. Microflight 98 is raising money for CRY India, a charity providing education for children in India most marginalised from the state system. Details can be found at <http://www.microflight.com>. Donations can be sent to Microflight 98, 8 Kings Road, London SW15 5SH. Cheques should be made out to Microflight Charity Fund.

Global  
right for  
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Love as a



## BOOKS

# Global fight for human rights

But war crimes and other atrocities will prove a minefield for international tribunals, argues Malcolm Rutherford

Here is an important subject from which many of us tend to shy away because it is so complex. What exactly are war crimes and what should be done about them?

For example, if it came to light that some of the people involved in the Irish peace settlement had been previ-

ously engaged in atrocities, should they be prosecuted and, if so, by whom? Again, if by any chance the Americans turned out to have made a mistake in identifying a pharmaceutical plant in Sudan as a contributor to the manufacture of chemical weapons in Iraq, who should be held to blame for the damage and to whom should they be accountable?

The questions may be topical and hypothetical, but they are not substantially new. A few months ago some of the British veterans in Asia turned their backs on the Emperor of Japan because they believed that Japan had not sufficiently apologised for, nor compensated for, Japanese behaviour in the second world war. Swiss banks are still embarrassed about what they did with Nazi gold.

And if you look at the war in Vietnam, there was the spectacular massacre at My Lai. Lieutenant William Calley, the principal officer on the spot, was subsequently court-martialled, though given a light sentence. His immediate superior, Captain Medina, was acquitted. Yet if Medina had been convicted, charges might logically have gone up to the top of the US military and political command. Who was responsible for the policy and the strategy in the first place? Great powers, even democratic ones, are not immune from war crimes.

Neither do great powers of any kind like intervention in their internal affairs. Nikita Khrushchev denounced the crimes of Joseph Stalin in 1956 in a move that with hindsight may be seen as the beginning of the end of the Soviet Union, but there was no hint of an international or even internal inquiry into the details. It is very unlikely that China would agree to international investigations into what goes on in its own territory. Even Britain and France, anxious to promote human rights abroad, are reluctant to allow international agencies on to their domestic turf.

There may be changes ahead. Two international tribunals have been established in the last few years, one to deal with war crimes in former Yugoslavia, the other with those in Rwanda. By the end of the century, there may well be a permanent international criminal

court to deal with war crimes in general. The first steps to set it up have already been taken.

That is what this book by Aryeh Neier is largely about. Neier's credentials are impeccable. An early German-Jewish refugee in the US, he is a former executive director of Human Rights Watch, which he founded. He was also director of the American Civil Liberties Union. He is even-handed: in the late 1970s, he defended the rights of American Nazis to demonstrate in Skokie, Illinois, or indeed anywhere else in America, on grounds of freedom of speech.

Yet - and this where some caution must come in -



British veterans turned their backs on the Emperor of Japan, as they considered his country had not sufficiently apologised for Japanese behaviour in the second world war

Neier is relentless in his pursuit and further development of international law. Even some liberals may doubt whether this is wise.

As Neier points out, since the second world war several countries have dealt with past domestic atrocities without resorting to massive retribution. El Salvador and Argentina are examples in Latin America. Greece after the exodus of the colonels went a little further with its "dejudicialisation", which included forced retirement of officers and prosecutions of public figures involved in the crimes of the former regime. South Africa is pursuing its truth and reconciliation commission, which

does not preclude prosecution, but lays the emphasis on reconciliation so that the country can understand and come to terms with its past.

Neier tends to think that many of these approaches are too mild. He does not overlook, but does not convincingly override, the argument that if a new civilian regime in Latin America were to turn wholesale on the armed forces, the military might very well mount another coup. There is a case for amnesty in the pursuit of fostering democracy. Neier believes that the rule of law is more important than the democratic political process. It is a fine point, from which many will dissent.

There are other practical reasons for doubting the comprehensive international legal approach. The reason why the allies succeeded in applying some justice at Nuremberg was that they had won the war. The same went for the Americans in Japan. The reason why none of the allies wanted to go too far was that they wanted to rebuild a civil society, to which on the whole they successfully contributed.

To revert to the present: the atrocities in former Yugoslavia and Rwanda are appalling. Rwanda, where the killings amounted to around 800,000, acted entirely within its own borders, apparently confident that no outside power would intervene and that the country could avoid internal reprisals. It is right that there should be international tribunals on the affairs of both places. At the very least, they may act as a deterrent elsewhere. Some offenders will be brought to court and the freedom of movement of others is limited by the fear of arrest. But do not expect too much from international courts. Can anyone imagine Slobodan Milosevic being taken to the Hague for trial? Nevertheless, the rise of cross-frontier terrorism means that the whole subject demands more attention.

lin says that our whole notion of morality is based on the assumption that we have a measure of responsibility. If you were saved from drowning, you wouldn't say to the person who saved you: "You couldn't avoid doing this because you were so made by events." You would say, "Thank you for risking your life."

What I remember again is Berlin's question: if all our actions are determined, why is it necessary for Marxism, which is historic determinism, to advocate coercion and sacrifice for the higher good? Because of the apparent simplicity of Berlin's thought and because it is absolutely free of jargon, it hasn't always appealed to academics. But to me it was exhilarating. It still is, thereby proving that the imagination is indeed a wonderful thing.

Also I can't imagine how I would be if I had never heard of Berlin.

But McEwan's aim is not merely to expose corruption. His fiction has always been characterised by sympathy for the corrupting of the individual, by an exploration of how we might commit incest, or murder, and what this does to us; and Amsterdam contains acute insights into how essentially moral men can be poisoned by public life.

McEwan shows how the pressure of a board of directors braying for a rise in circulation and Vernon's own hatred of the foreign secretary, not just as a rival for Molly's affection, but as a potential hard-right prime minister, persuade him that an unscrupulous act is the brave decision of an editor "large, benign, ruthless and good."

And in Clive Linley, McEwan has sketched a wonderfully shrewd portrait of the modern artist. Clive falls out with Vernon over his printing of the photographs but when presented with his own moral dilemma, puffed up by self-importance, he too makes a shameful choice.

McEwan's prose, like Clive Linley's music, has perfect pitch, and apart from one or two predictable plot twists and a rather over-the-top denouement, the satire and comedy are handled with aplomb. Amsterdam is a short, funny novel, but it carries the heft of a much longer book and tells us more about morality and public life in Britain than any other contemporary work of fiction or non-fiction.

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## Fiction

## Poisoned by public life

When Molly Lane, "restaurant critic, gorgeous wit and photographer," dies at the age of 46 of a quick and horrible degenerative disease, a cluster of men who have loved her gather at her funeral to squabble over her memory. Julian Garmony, the foreign secretary and her most recent lover, tells her old boyfriend Clive Linley, Britain's leading composer, that Molly said he was impotent. Clive in turn whispers into the ear of Hart Pullman, the last of the Beat poets, "You never fucked her, you lying reptile. She wouldn't have stayed to it."

But Molly has left more than memoirs. Among her papers her widower, George, a rich publisher, finds her Pandora's box, a set of compromising photographs of the foreign secretary that, once opened, threaten to corrupt not only Garmony's career but the lives of all of Molly's lovers they touch.

The photographs are bought by one of these former lovers, Vernon Halliday, editor of a broadsheet newspaper, The Judge, and become a final battleground for the soul of the paper. In the process Vernon shows them to Clive Linley and the two old friends have a fall-

AMSTERDAM  
by Ian McEwan  
Jonathan Cape £14.99  
178 pages

ing out that is eventually resolved in a deadly piece of double cross in Amsterdam.

The corruption of innocence is Ian McEwan's territory, but this is the first time he has explored it in public life and the result is a very clever and at times sparkling satire on morals and institutions, set in the last days of the Major government. The dumber-down of The Judge, a dead ringer for The Times, is plotted hilariously. "It's time we ran more regular columns. They're cheap, and everyone else is doing them. You know, we hire someone of low to medium intelligence, possibly female, to write about, well, nothing much. You've seen the sort of thing. Goes to a party and can't remember someone's name. Twelve hundred words." And the pompously hypocritical U-turn the broadsheet editors, outbid for the photographs of Garmony, make when they realise public opinion has turned against The Judge, is beautifully measured.

But McEwan's aim is not merely to expose corruption. His fiction has always been characterised by sympathy for the corrupting of the individual, by an exploration of how we might commit incest, or murder, and what this does to us; and Amsterdam contains acute insights into how essentially moral men can be poisoned by public life.

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Jeremy Gavron

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## Rereadings/Justin Cartwright

## The whole truth about freedom

It is particularly interesting to reread books which made a huge impression on you when you were young. I think it must be true that the first time round the intellectual track, like first love, is uniquely moving.

As a 17- or 18-year-old in South Africa I remember reading Isaiah Berlin's lectures called *Two Concepts of Liberty*. Insofar as I have any coherent political beliefs, these lectures formed them. I found them then, and I find them now, profoundly moving. In an era when it was becoming unfashionable to be liberal, I clung to Berlin. I was at Oxford during the Vietnam War and it was an honour for me to be in the same parish as the great man. I went to hear him speak twice. He was a friend of my tutor, John Plamenatz, himself very distinguished, and I questioned him closely about my hero.

The gist of what Berlin

says in these lectures seems to me as true now as ever it was. There are two notions of freedom: one, the dangerous kind, is freedom to. There is within each individual a higher freedom, a state which can only be understood if you are sufficiently rational. If you are not, you must obey those who are. All totalitarian regimes belong in this camp (I would add, most religions too). Governments, parties, cadres etcetera are acting on your behalf in helping you to realise higher goals. Marx makes it plain that the Party alone understands the aims of society and must guide the proletariat.

In South Africa then it was easy to see that the National Party had taken on

the role of the higher authority in all things to do with the proper conduct of society, enforceable by law. The individual was required to conform. In South Africa now it is just as easy to see that the new government sometimes believes it is the agent of a higher good. Its occasional intolerances can be traced to the Marxist belief in freedom to.

Berlin's second kind of freedom is the freedom from. This is freedom from man-made obstacles to choosing how to order your own life. Berlin understood that in some circumstances people have very few choices: "Freedom for an Oxford don is different to freedom for an Egyptian peasant," he said. He also



understood that one man's freedom could be another's deprivation: "Freedom for the wolves is death to the sheep."

But in *Two Concepts* he establishes in the clearest possible way that a belief in a higher purpose, to which society must conform, has been the justification for "the most frightful forms of oppression." The choice which he put so clearly is between that kind of society and a society which leaves its citizens as free as possible from moral coercion or physical force. Rereading these essays in *Four Essays on Liberty*, I can recall absolutely the sense I had then of their potency, their almost blinding force.

Following from the two notions of freedom, Berlin also demolished, with ruthless reasonableness, the appalling notion of determinism. As I reread I find it

extraordinary that the 1970s and much of the '80s passed with Marxists still firmly in place at our universities. Even many teachers of English who should have been able to see a metaphor when it jumped up and bit them, were Marxists. As Berlin puts it, determinists believe that every event has a cause from which it unavoidably follows. The natural sciences are necessarily based on this belief. You can see where this line of thought leads, not least in the deconstruction of literature: human beings, according to determinists, live in the illusion of freedom from natural laws.

But to be human is to know that we can make choices for good or evil. Berlin

## Love as a supernatural feeling

Victoria Griffith talks to author Alice Hoffman, America's answer to magic realism

With a film version of her novel *Practical Magic* set to be released in the autumn, Alice Hoffman is poised to enter the elite group of writers sanctified by Hollywood. With 12 novels under her belt, Hoffman is hardly obscure. But just as Laura Esquivel became a household name after *Like Water for Chocolate* was released, the movie version of *Practical Magic* could turn Hoffman into the author everyone on public transportation seems to be reading. The Warner Brothers film stars Nicole Kidman and Sandra Bullock.

It's been quite a year for the woman who has been called America's answer to magic realism. In the spring, talk-show host Oprah Winfrey selected Hoffman's latest novel, *Here on Earth*, for her book of the month club. Yet over breakfast in Cambridge Massachusetts, the very private author insists she won't become a celebrity. "That's not what I want," she says.

Hoffman has a sensual, earth-mother quality evocative of some of her best-loved heroines. It's easy to see why her characters often succumb to an overwhelming urge to nurture the young and frail, since those traits seem to figure so strongly in her own personality.

Because Hoffman's novels are imbued with a strong sense of the supernatural, reviewers are tempted to cast her in the same tradition as Gabriel Garcia Marquez and Isabel Allende. She spins tales of old spinsters who cast magic spells, giants, and little boys who can't grow. The barriers between humans and the natural world fade away in her novels. Animals seem, if not wiser, at least purer than human beings, and fictional places take on such strong personalities, they acquire main character status.

Hoffman herself believes she has little in common with the Latin American writers the term "magic realism" is usually used to describe. The supernatural,

she points out, is hardly a modern literary invention. The device was used, not just in ancient texts like the *Odyssey*, Faust and German fairy tales, but in works by traditional US writers such as Edgar Allan Poe and Nathaniel Hawthorne, from whom she has taken her cue.

"My novels have a child-like element to them, which is where the magic comes from," Hoffman says.

Hoffman prefers to see the magic in everyday occurrences. "Children see magic in small things," she explains. "My novels have a child-like element to them, which is where the magic comes from." Yet it is a very adult magic that is at the

heart of Hoffman's works: romantic love. Her novels explore passion in all its forms: the puppy love between the girl and the giant in *Illumination Night*, the destructive love between March and Hollis in *Here on Earth*, the primitive pure love between Michael and Robin in *Second Nature*. "Love is almost by definition, supernatural because it is impossible to understand," says Hoffman.

Hoffman sees love as an amorphous, ever-changing entity. Romantic passion that is thrilling and uplifting for a teenager can turn degrading and dangerous for the same person as an adult. To emphasise how age affects our feelings, Hoffman often juxtaposes two generations of a family falling in love at once.

Divorce, or love-gone-wrong are strong themes in Hoffman's novels. "Much as I hate to relate my personal experiences to my books, I guess I have to admit I was brought up by a single mother," says Hoffman. "It was certainly a difficult

experience, because it was at a time when divorce was still rare and very much looked down on."

Perhaps because of this experience, Hoffman's portrayals of love are very different from the stereotypes of traditional romances. She values simple thoughtfulness over drama: the husband who leaves cheques on the kitchen counter without being asked, the woman who makes her lover a sandwich.

*Practical Magic* is a sophisticated Harlequin romance with a twist. Two sisters seek love in their own ways, practising a bit of magic on the side. It's easy to see that there is good film material here. The scenes of the eccentric aunts in their old, scary mansion are almost begging to be filmed, and there are lots of roles for pretty young women and romantic-looking men. The question is whether the silver screen can do justice to Hoffman's sense of fun and portrayals of love that fall just far enough short of the saccharine to make them palatable.



A very adult magic at work: Alice Hoffman



## BOOKS

# A giant among satirists

Jackie Wullschlager admires a new 'Life' which gets to the heart of Jonathan Swift

When *Gulliver's Travels* was published nearly 300 years ago, it was read, according to Alexander Pope, "from the cabinet council to the nursery". It still is one of the few genuinely popular classics, it is a book in which anyone, from child to prime minister, can see himself mirrored.

JONATHAN SWIFT  
by Victoria  
Glendinning

Hutchinson £20, 324 pages

ity, in the implacable division between those who open an egg at the large or at the small end; the doubt, in the end, about humanity itself, "the most pernicious race of little odious vermin that nature ever suffered to crawl upon the surface of the earth".

Reading *Gulliver* is one thing; meeting the seething black cauldron of a mind that produced the Yahoos is another. Jonathan Swift is hardly a biographer's dream. His life was uneventful, obscure and pathologically private. Apart from *Gulliver*, his other well-known work, *A Modest Proposal*, suggests that Ireland's twin problems of famine and overpopulation be solved by eating babies; it is a sick joke, meant to shock and appeal, as it does. His soul was sour and bitter; he summed up his life with the story that "I remember, when I was a little boy, I felt a great fish at the end of my line which I drew up almost to the ground. But it dropped in and the disappointment vexed me to this very day and I believe it was the type of all my future disappointments".

Victoria Glendinning's achievement is to engage us with the man and the writer in human terms, to show him as an extreme version of ourselves, in which we recognise something of our own lives, just as we see an extreme vision of our society in his Lilliput and Brobdingnag.

Without a shade of pastiche, Glendinning holds the spirit of glittery, hard-edged 17th and early 18th century Britain in her language, her

narrative style, her jokes. Swift, proud, cautious, choked in by his emotional defences, stands at the centre, "clattering away down the wooden back stair of the Deanery, his mocking voice... hanging in the silent air".

"It is all so long ago," Glendinning begins. We can just encompass the 18th century, but Swift is not even an Enlightenment figure. He was born in 1667, the year after the Great Fire of London. "In his youth, there were people who had passed Shakespeare on the London streets, and he trails in the dusty hem of his clerical gown all the fanatic times of the disturbed 17th century."

That illuminates *Gulliver* - its roots lie in fables of giants and talking animals; Glendinning stresses, too, the origins of *A Modest Proposal* in Irish folk-tales of starving women lighting fires in the fields to lure children, whom they then killed and ate.

"I reckon no man thoroughly miserable unless he be condemned to live in Ireland," Swift said. *A Modest Proposal* was written to shame the British government about the degradation of the Irish people, and it is, ironically, as a champion of the country he hated that Swift was at his most committed.

He was born, after his father's death, in Dublin and taken by his nurse across the sea to Whitehaven for the first four years of his life. He claims he was kidnapped from his mother, then kept in England because of the dangers of a sea crossing, but when he returned his mother left Ireland immediately and he did not see her again until he was 20. Glendinning traces the "uncontrollable anger" that fuelled his savage imagination to this early outrage. It turned him, too, into an emotional bully who never cast off his sense of isolation, and may have caused the debilitating attacks of nausea and giddiness which he suffered all his life.

Brought up by uncles, he went to Trinity College, Dublin, until the political unrest that was already called "the Troubles" made him flee to England. He became a member of the cultured household of Sir William Temple, a diplomat and writer, but he never got the preferment he wanted.

Was he a gauche provincial, as some reports suggest, or too desperately ambitious? In despair, he took a clerical living on the northern Irish coast, and for years floated vainly between England and Ireland. In his footsteps trailed Esther Johnson, whom he called "Stella" - nine when he had met her and played with her doll's house at Sir William Temple's house; 20 when she emigrated to Ireland to be near him; in her 30s when they exchanged the daily letters in baby talk ("our dear grange") - our little language which chronicle Swift's life, and a spinster under 50 when she died.

"Violent friendship is much more lasting, and as much engaging, as violent love," Swift wrote of her. Glendinning suggests the relationship, shifting in perspectives as Stella grew from



pupil to nurse, as the inspiration for the giant nanny, nine-year-old Glumdalclitch, who cares for Gulliver in Brobdingnag.

Stella had a rival, Esther Vanhomrigh ("Vanessa"), and for a few heady years Swift had his celibate seraglio - Stella and her companion in Dublin, Vanessa and her sister in London - while he pursued his political ambitions.

Glendinning's tale of two cities is the dazzling heart of the book - the swashbuckling chancers in volatile, gamey Dublin, which she compares to "colonial Virginia, or even the Kenya highlands of the 1930s", and London writ in powdered wigs drinking a ginger-and-cinnamon flavoured brew in the new coffee houses. Here Swift made his name with

*Tale of a Tub*, and was plucked by Queen Anne's Tory grandees in 1710 to be their publicist and propagandist - an 18th century "spin doctor".

He made powerful friends ("I believe in the mass of souls ours were placed near each other", the Lord Treasurer, the Earl of Oxford, wrote to him) and unforgiving enemies (Lady Mary Wortley Montagu used to show privileged visitors her commode, painted on the bottom with the faces of Swift and Pope).

With the prospect of an English bishopric ever dangled before him, he threw himself into the Tory cause, but in 1714, his protectors fell from office, he was fobbed off with the deanery of St Patrick's, Dublin, and he went back to Ireland

"doomed to die in a rage, like a poisoned rat in a hole". He never saw England again, and felt he had never landed his big fish.

Glendinning observes all this without any of the distance that 20th-century sentimentality and voyeurism usually brings to subjects of this period; even the form of her book fixes him in the 17th century - it is not, she says, a chronological biography, but "what was in Swift's time called a 'character' - a written portrait".

Some of the intensity and tragic grandeur of a life in flow is lost as a result; the gain is a vividly personal picture, full of Glendinning's involvement with her subject, fanning out to speculation, digression, rich entertainment. It is an original, assured work.

Among these is Peter Taylor, whose story, *The Old Forest*, is a felicitous hybrid of the whodunit and dissection of Memphis society in the 1930s. A week before he is due to be married to the daughter of a wealthy family, the narrator (himself wealthy) goes for a drive with a woman of what he calls "a different sort". While driving, they have a minor car crash, after which the woman disappears.

The police suspect him of murder and the respective families fear infidelity, but neither is the case. By its close, the story has become something else entirely - an indictment of the roles forced upon women by society.

Similarly concerned with social manners and mores is Philip Roth's *Goodbye, Columbus*, a delectable and bruising account of young

## Small, but perfectly formed

Richard Skinner on the growing popularity of the novella in the US

The word "novella" derives from the Latin *novus*, meaning new or young and was first used to mean a "newly-planted tree". Later, the Emperor Justinian used the word as a name for a series of laws he instigated. Only with Boccaccio, in the 14th century, does the word begin to apply to literature, with reference to *The Decamerion*.

Subsequently, the form flourished in Spain (Cervantes' *Novelas Ejemplares*) and France, but it wasn't until 1785, with the publication of Goethe's *Unterhaltungen Deutscher Ausgewanderten*, that the novella reached some kind of zenith in Europe.

In his illuminating introduction, Richard Ford outlines this brief history and goes on to describe his own trials with the form - wanting to write European-like work but coming up instead with his own brand of Americana. He attributes this "failure" to a resurgence of American interest in the novella in the last 50 years, borne by an exposure to it many American writers had while in Europe between the wars.

After much research, discussion and contemplation, Ford has compiled a beautiful edition of 11 novellas, spanning the post-war years with representatives from each decade. The choices are eclectic in style and catholic in taste. He has chosen to overlook already famous examples (*The Old Man and the Sea*, *Wise Blood*) and examples which he felt didn't survive fresh readings (*The Ballad of the Sad Cafe*, *Breakfast at Tiffany's*) in favour of names that may be less familiar to British audiences.

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Neil Klugman's first stab at an adult relationship. Roth's sharp eye distils character and situation into the merest detail - a maid has "little holes in her ears but no earrings", while Nell's girlfriend's mother is "disastrously polite".

Unlike many coming-of-age stories, Roth keeps mawkishness at bay by putting a slight ironic distance between himself and his characters and by not treating them with impunity. Written 40 years ago, the story is as fresh as ever.

One of the collection's real finds is Ernest J. Gaines' *Long Day in November*, published in 1963. Sonny, a black five-year-old boy, wakes one cold morning to

THE GRANTA BOOK OF THE AMERICAN LONG STORY  
edited by Richard Ford  
Granta £12.99, 686 pages

hear his poverty-stricken parents fighting. His mother goes to live with her parents, taking Sonny with her. After visiting a soothsayer, the father wins her back and the family are reunited.

The story's emotional veracity is impossible to convey in such a brief summary. The depiction of a penniless community, with its rich language, stems from Gaines' own impoverished background and continues to be recorded today in the writings of Walter Mosley, to whom Gaines is clearly an influence.

Another account of a marriage in difficulty is Jane Smiley's *The Age of Grief*, which for me is the highlight of the collection. Written in a tough, knotted style that has much in common with Andre Dubus, Smiley's minimally-plotted story has two dentists marrying young and raising three daughters.

Some part of Dana, the wife, remains unreachable to David, the father, and he recounts his feelings about this as "confusion", which he defines as "perfect sight and perfect mystery at the same time".

He continues to try to pinpoint his condition, eventually arriving at the term "grief", which happens when "the barriers between the circumstances of oneself and the rest of the world have broken down". By appropriating the languages of dentistry, biochemistry and illness, Smiley takes the subtle nuances of marriage and broadens them into profound complexities.

## Life on Earth - and beyond

Never mind monkeys, how about Martians as ancestors, writes Martin Ince

We are living in the era in which the origin of the universe, of consciousness, and of life itself are ceasing to be matters of speculation and are turning instead into experimental science. And, except to the Bible literalist, the truth that is emerging is more gripping than any myth.

Paul Davies is a physicist best-known to the public for books on the origin of the universe and the implications for religion of our increasing knowledge of where the cosmos came from. In this book he moves

on from the early highlights of Genesis 1 - the creation of the universe, light, the firmament and dry land - to the "fifth miracle", the creation of plants and therefore of the earliest life.

There have been living things on the Earth for almost 4bn of its 4.5bn years. But as Davies sees it, life was not created in a single Genesis-type event. At first it might have been difficult to tell whether the creatures

that turned into our ancestors were living or not. And although everything now alive, from human beings and pine trees to bacteria, springs from a common ancestor and uses a pattern in which DNA conveys information about constructing new creatures, our ancestors at that time probably competed with early life forms organised differently, which failed to flourish on the hot, volcano-infested, meteorite-bombarded early Earth.

Many theories exist for how life started. Most are variants on Charles Darwin's view that it began in "some warm little pond" in which chemical reactions, perhaps energised by lightning, could produce the essentials of life. Another apparently bizarre theory, by biochemist Graham Cairns-Smith, involves clay minerals which can store information in their structure in much the same way that DNA does. Organic material could have come along later to imitate the configuration pioneered by clays.

But Davies' preference is that life started in more vigorous surroundings. He points out that the most primitive creatures now living dwell in the volcanic depths of the oceans. Here there are chemicals aplenty and the energy needed to build them up into living form. Subsurface tunnels

and cavities could have trapped complex molecules and allowed them to build up membranes against the external environment, giving rise to the cell structure used today by all but the most modest living things.

This speculation is all the more fascinating because it points to the prospect that life on Earth does not exist in a vacuum. It may be more of an interplanetary joint venture in which terrestrial and Martian life have mingled over billions of years.

The idea of life on Mars has been through many ups and downs since Giovanni Schiaparelli reported seeing suspiciously straight lines on its surface in 1877. He called them *canali*, channels, with no idea that English-speakers would assume he meant canals of artificial origin. We now know that the markings were spurious.

In the 1970s, NASA's two Viking Mars landers carried a series of experiments designed to detect biological activity. The results were ambiguous and some scientists insist that they indicate life. More recently, president Clinton's 1996 announcement that fossils had been

found in a meteorite of Martian origin discovered in the Antarctic has been discounted, although Davies points out that a group of British scientists had claimed in 1989 that a different Mars meteorite contained material suspiciously like Earthly living matter.

But perhaps the accuracy of the claims about Mars meteorites is less interesting than the general point they prove: that Mars material arrives here routinely, after being blown off the surface of Mars by meteorite impacts. In 1911, a Mars meteorite landing at Nakhlah in Egypt killed a passing dog, perhaps the most improbable cause of death ever recorded. It is known that Earthly bacteria can survive conditions akin to those in deep space, including cold, radiation and vacuum. Davies points out that survival characteristics like these may have evolved because they were needed, not by accident.



Nineteenth century amateur astronomer Percival Lowell looks at Mars at his observatory in Arizona. Although his research was rejected, he fuelled public enthusiasm for its exploration. Picture from 'Uncovering the Secrets of the Red Planet Mars' by Paul Raeburn (National Geographic Society, £25)

solar system, when life was getting started on the Earth. Then it was wet and wild, and the river valleys and volcanoes of that era can still be seen.

This means that life could have started on both planets at the same time and under similar conditions. And in

this era, the greater number of meteorite impacts on Mars and the Earth would have made it more common for rock and the living material it contained to be flung into space and find its way to a new planet to mingle with life there.

For Davies this is just one

example of ways in which the universe is friendly to the development of life. But spare a thought for the Bible fundamentalist. If one is unhappy with the idea of a monkey among the ancestors, how is one expected to cope with Martians in the family tree?

## Facts. And Fiction.

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## ARTS



'Red House, Dursdeer', c.1933 by William Gillies: 'Oh yes, Gillies - a pretty competent minor Scottish artist' was the painter's own wry expectation of his lasting reputation

## A modest but enduring legacy

William Packer celebrates the centenary of the Scottish artist Sir William Gillies

Sir William Gillies, a central figure in the world of Scottish art for some 50 years, died in 1970 at the age of 75. Now the Royal Scottish Academy, with whom he had been long and closely associated, and which in the event he was to leave his estate, celebrates his centenary with a full retrospective, while related exhibitions fill galleries elsewhere in the city. He died honoured by his contemporaries, revered by his students and as he was, so he remains in his lasting influence and reputation, something of a hero, at least in Scotland.

And that is the trouble for while he hardly stands for what is wrong with Scottish painting in the 20th century, which is precious little, he does suffer somewhat by his relation to British art at large. The Tate is supposedly our National Gallery of British Art, but from the Glasgow Boys and the Colourists to Elizabeth Blackadder and Barbara Rae, for generation upon generation it has shamefully neglected the Northern Schools. A handful of Scottish artists have achieved broader recognition, but almost without exception only by moving away, going south. For the rest, they remain unfamiliar to any wider public, at best the creature of a patronising condescension.

And William Gillies, prolific, various, influential and distinguished painter that he was, how is he ultimately to be regarded? 'Oh yes, Gillies - a pretty competent minor Scottish artist' was his own wry expectation. What is true is that, as much by temperament as education, Scottish art in modern times has always gone its own way, been itself. From this it follows that it should be seen in context and to fail to do so is to miss the point. And that has always been too much trouble for too many to take. It is this truth, or rather sketch of truths and problems, which Gillies represents and this exhibition demonstrates. Here is the scrupulous student steeped in the related disciplines of drawing and observation and drawing again: the teacher committed to passing on these disciplines by example, moderated by experience, sympathy and intuition; the artist working as he taught, yet constantly alive and responsive to the work of the most advanced of his contemporaries, at home and abroad.

It is no mere coincidence that Scottish painting to this day is characterised by sound technique, intelligent application and far from parochial interests and sympathies, for technical precepts and practices long since entirely abandoned as

irrelevant and inhibiting by English art schools survive in the Scottish schools, admittedly under some pressure, even now, and Gillies taught regularly at the Edinburgh College of Art, later as Principal, for more than 40 years.

**We only have to look at the dates of the work to see how sharp and quick he was at utilising contemporary influences**

The only pity is that this exhibition, full of work of the highest quality, should be so muddled in its arrangement. Those already familiar with it may make sense of it, but newcomers can only be confused, which does Gillies' wider reputation little service. Its three main strands are still life and the studio interior; landscape; the figure and the portrait. Of these it is chiefly for landscape that Gillies is known, which he came to in his own good time since in those days

studies were centred firmly upon the life room and still life. Such student work shows him looking to Scottish contemporaries, the Colourists especially, but also further afield, to Sickert and William Nicholson and the general Edwardian infusion of continental influence into British art.

By the mid-20s the interest is already more immediately contemporary, looking at once to the Fauves and to the post-war School of Paris - Picasso, Matisse, Bonnard and Braque - and to the younger English painters too, such as Ben Nicholson, Paul Nash and Christopher Wood. It is always too easy, with such apparent eclecticism, to write the artist off as a mere follower and also-ran, but too often it is also unfair. We should remember that artists pick up influences where relevant, and that what now stands as a magisterial name and reputation was not always so clearly so. Even Picasso and Matisse were younger once, controversial and insecure, and young Nicholson and Nash were in the same boat as Gillies himself. It is the acuity and presence with which the influence is taken in, and the critical intelligence and independence of the uses to which it is put, that mark out the artist.

With Gillies, modest, self-depre-

cating Gillies, teaching by example, always experimenting, always open-minded and receptive, we have only to look at the dates of his work to see how sharp and quick he was, and at the work to see that, within the bounds of his interests and practice, he remained always himself.

The small, choice show at the City Art Gallery shows him as exactly that, set clearly in the context of his contemporaries and pupils, from John Maxwell and Anne Redpath to Elizabeth Blackadder. And with a full and impressive exhibition at the Scottish Gallery of her latest work, Elizabeth Blackadder herself, as remarkable and distinctive a painter as any now working in the British Isles and as open in acknowledging her creative debt to her teacher, Gillies, handsomely confirms his enduring legacy.

Television/Christopher Dunkley

## Oh! what a carry on

Take a large chunk of the revisionism which is now virtually mandatory on British television (you know, Baden Powell was nothing but a pansy, "roof" programmes were masterpieces of semiological irony, black is really white if only you look at it from a politically correct angle), dunk it in a big bowl of relativism (The Spice Girls are as good as Mozart, Kathy Lette is a latterday Shakespeare, only culture snobs pretend otherwise), leave to soak over night and what have you got? A bank holiday weekend on Channel 4 in which the Carry On films acquire a status somewhere between *Some Like It Hot* and *Battle Ship Potemkin*.

Well, perhaps that is not quite fair. The most enjoyable of the specially made programmes is *A Perfect Carry On*, which is screened tomorrow evening, and does have the grace to treat the whole thing as a bit of fun. Barbara Windsor presents what purports to be a "How To" programme in which the ideal ingredients of a Carry On film are considered under such headings as "The Perfect Location" (North Wales for the Khyber Pass, Kew Gardens for the African jungle) and "The Perfect Pair" (a gag borrowed from the seaside postcard pun involving a green-grocer's well-endowed female assistant and a male customer remarking on his liking for a nice pear - a joke which can probably be traced back to the first import of the fruit to Roman Britain).

Under "The Perfect Gag" we are offered the famous line delivered by Kenneth Williams as he hurries into the chamber of the Vestal Virgins in *Carry On Cleo*: "Infamy! Infamy! They've all got it in for me!" But the interesting thing about this joke is that, far from being typical, it is almost unique among all 31 of these slavishly repetitive movies. This line tends to appeal to lefty dons and the kind of people who do crosswords in broadsheet newspapers. True, unlike American cinema comedies (apart from Woody Allen's *Carry On* films do use word jokes a lot. But 99 per cent of them are aimed at those who think that breaking wind is the height of wit. This programme makes it tedious to clear just how often the series used the line (addressed to men) "That's a big one you've got there", and the names of the characters reveal the true level of the humour: Miss Allcock, Miss Downs - Ida Downs - and so on.

Because we are so deeply into the two Rs, it is now fashionable in places such as Channel 4 to praise these cheap and shoddy films as the authentic voice of British (actually English) popular culture. Nobody so much as breathes the words

"Ealing comedies" because everyone knows that they, or the best of them anyway, appeal to a similarly large audience, while achieving quality standards in writing, acting, photography and wit which show up the Carry On pot-boilers for precisely what they are.

The other compelling programme in this themed weekend is *Carry On Laugh*, which, by running through the details of the private lives of four of the most popular Carry On actors - homosexual drunkard Charles Hawtrey, promiscuous homosexual Frankie Howerd, woman beater, addictive gambler and drunk Sid James, and repressed homosexual and self-dubbed "sleazebag" Kenneth Williams - brings out with unusual vividness the truth about the sadness of the clown.

None of the facts here is new. We have had the extraordinary diaries of Kenneth Williams, and two excellent recent documentaries explaining his weirdness, as in refusing to let guests use his lavatory, making them go instead to Baker Street tube station. With Hawtrey's wordy and pitiful life after "retirement" the tabloid days, as they did with the unpleasant facts about James, the bully, liar and ill-treater of women which emerged from the biography. About Howerd's remarkable sexual appetite and stage fright there never was much of a secret.

But a startling impact is achieved by putting all this together. The idea, somewhat half-heartedly pursued here, that, towards the end, the director and writers of the Carry On were deliberately parodying the weaknesses of these men within the films, does not seem awfully convincing or especially significant.

Yet it is, indeed, as the programme clearly intends us to see, very odd to think of what was occurring in the lives of these people off-screen as, on-screen, they went through the motions of cobbling together yet more combinations (oh titter ye not) of old jokes, hoary (good gracious missus, no, there's no W in that word) with the age that overcame them as they were handed down from pantomime and music hall.

The sad truth is that, if you want to remind yourself of the nature of these utterly English films, you are better off with the clips within the documentaries than watching entire examples. Not only is Channel 4 failing to show any of the best ones (*Carry On Nurse*, *Cleo*, *Behind the Caravan*, *Henry*) but when you do watch one right through you remember how patchy and crude even the best were.

Dance at the Edinburgh Festival

## Devoted to the Dutch

Clement Crisp admires the work of choreographer Hans van Manen

This week, the Edinburgh Festival has mounted a smaller festival devoted to the work of the Dutch choreographer Hans van Manen. His ballets have, over the past 40 years, been seen in the repertoires of many companies - the Royal and Sadler's Wells Royal troupes featured his work during the 1970s - but rightly, this present survey is entrusted to the companies with which he has been most associated, the Dutch National Ballet and Nederlands Dans Theater.

Van Manen's ballets are very much of their time. In them we may see his concern with the identity of both classic academic dance (which he has sought to extend through influences from modern styles) and classic dancers (sexual roles are shifted so as to disconcert the viewer quite as much as the nature of ballet itself). He has shown an eclectic taste in his scores - this week's music ranges from Astor Piazzolla tangos to Daniel-Lesur, Arvo Part, Bach and Beethoven - and, as in the case of his crucifixion of the latter's *Grosse Fuge*, it is a taste that knows no shame. Like them, which, sometimes do, or loathe them, which I also sometimes do, his creations are bravely his own. They are sustained by fluent step-making: the eye is suddenly

caught by brilliant physical co-ops - he can end a piece on a fascinating plexus or invert a movement idea to telling effect. They sometimes have an anxious sexuality that mistrusts the female and lingers all-too-punctantly on the male. They have a stylish "look" which is owed to Van Manen's own sophisticated and sexually-challenging pictorial



sense (he is a fine photographer). All these matters are on view this week: the festival is to be congratulated on the good sense and planning of this short season.

The first programme was given by the Dutch National Ballet, a company on fine form, and it opened with one of Van Manen's finest works. Set to Daniel Lesur's variations for piano and orchestra, *Metaphors* dates from 1988. The dance, as often with Van Manen, is plotless, but plot - which is the stage behaviour of male and female dancers - keeps poking through. Within the framework of

ensemble dances which find ideas passed between groups and, as it were, undergoing a sexual sea-change, there are two duets. In one, two men take turns to partner each other, without - cue for homosmas - the least hint of homosexual intrigue. The trick is to see how masculine movements may be paired or mirrored in the context of traditional perceptions about a pas de deux.

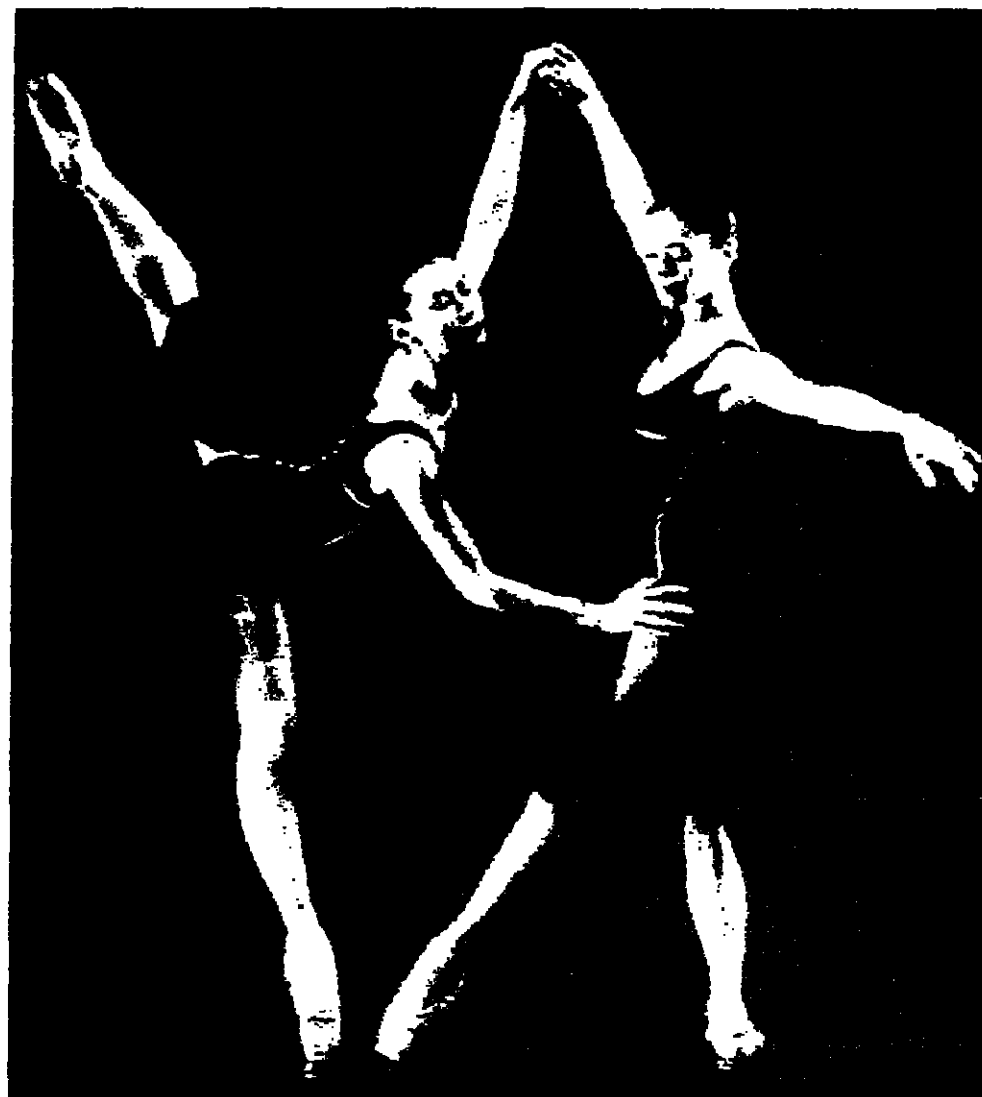
In the second, two women - the splendid Nathalie Carls and Larissa Lezhnina (formerly a dazzling young Kirov ballerina, now more mature and quite, quite wonderful) - dance together or with their partners, but always touching hands. The ideas, their realisation, seem to me to be quintessential Van Manen in their originality and their power to touch the senses, both of dancers and audience.

To the Erik Satie *Trois Gnossiennes*, van Manen offers a girl (the tiny and ultra-flexible Caroline Sayo Iura) manipulated, dominated by Robert Bell, who seems both puppet-master and Svengali. The pair are dogged, in a tiresome cocoon, by a piano manoeuvred over the stage, but the piece is cleverly made and splendidly danced (I kept recalling a remark I once overheard on a bus: "She's always been like putty in 'is' hands").

The recent (1997) *Three Pieces for Het* is a set of dances made to scores by Busoni, Tüft, Part, which move from anxiety and physical bravura (Sofiane Sylve a danseuse of exceptional technique, with extensions that reach skywards like space-probes) to a final calm, and a heart-touching last pose as a man and woman stand facing each other, each head resting on the other's shoulder.

**F**ive *Tungos*, which is 20 years old, is van Manen at his most relaxed and sportive, and probably his best-known. Wonderful Piazzolla music (well played by the Sexteto Canyon) and seven couples indulging in sultriness. The most intriguing tango is the fourth, in which two men seem to be toying with the idea of the Shades entry from *La Bayadère* until two girls join them (and all four then move like shades for a brief moment).

It is a light-weight and slightly facile piece, but fun nonetheless, and, like everything in the evening, it was danced with whole-hearted, whole-bodied enthusiasm by Dutch National Ballet. The company, and Van Manen's choreographies, looked at their best: clear, idiomatic, pertinent.



One of his finest works: Hans van Manen's 'Metaphors', performed by the Dutch National Ballet



## ARTS

# Inspired by cries of 'death or liberty!'

As the Edinburgh Festival explores the Schiller/Verdi connection, Alastair Macaulay explains how the dramas of the 18th century playwright were adopted by the revolutionary mood of the 19th century

**G**ive me freedom, or give me death! That famous proclamation - which had already rung out in the American War of Independence in the 1770s - occurs more than once in the plays of Friedrich Schiller. No wonder that Schiller and the French Revolution - even though he himself became both embarrassed by that, his first play, and dismayed by the political developments in France.

No wonder, either, that Schiller proved a playwright congenial to the most famously political of 19th-century composers, Verdi - whose music was full of calls to free one fatherland or another from foreign oppressors and whose very name became an acronym ("Victor Emanuel Re D'Italia") for Italian nationalism. And no wonder that performances of Schiller's greatest fighting-for-freedom play, *Wilhelm Tell*, had to be banned by Hitler.

The heroic cry of "Death or Liberty!" - as given in the Robert David MacDonald translation, currently to be heard in the Glasgow Citizens Theatre Company pro-

duction - is delivered at the end of Act Two of *The Robbers* (1782) by the play's dark-spirited hero Karl von Moor. Though Schiller had only been 19 years old when he wrote it, this play and its hero at once identified him

**Verdi's music is full of calls to free one fatherland or another from foreign oppressors**

as a central figure in the *Sturm und Drang* (storm and stress) movement of German art that took Enlightenment ideas of liberty and inflated them into proclamations of rebellion without cause.

Today, Karl von Moor is routinely compared to Jimmy Porter in Osborne's *Look Back in Anger*. But what is radically different about Karl is the vast spiritual dimension of his rebellion. He is, or soon becomes, a principled outlaw: he works from the premise that

"The law has not produced a single great man, while Freedom breeds titans." In fact, his own life proves less good than his words, and that is his tragedy. Even though the French Revolutionaries venerated *The Robbers*, "liberty, equality, fraternity" are just what it - presciently - shows being tragically destroyed from within.

The first important French operas about political liberty occurred, interestingly, in 1828, when the Bourbon royal dynasty had been reinstated on the throne and when Charles X was crushing various forms of freedom. It was then and there that Rossini turned Schiller's *Wilhelm Tell* into his last and most ambitious opera, *Guillaume Tell*. Here too the great Schillerian cry rings out: "Ou l'indépendance ou la mort!"

When the opera was revived in 1830, the male singers reached this moment in the dress rehearsal at the Paris Opéra - whereupon, inspired, they all stopped work there and then, rushed out, and began to join other Parisians in fighting on the barricades. The successful Revolution of the Three Glorious Days had begun. Schiller's words had taken root indeed.



Fanned by the quintessential Schillerian flame: Karita Mattila and Ferruccio Furlanetto in the Royal Opera's production of Verdi's great opera, *Don Carlos*

That Schiller would suit Verdi could have surprised nobody. Verdi had struck gold in his third opera *Nabucco* (1842), when he gave musical voice to the chorus of exiles. From then on, freedom - in its most dynamic political sense - became one of the inspiring motifs of his art as when in his ninth opera *Aida* (1896), the heroine Aida defies the foreign tyrant with the heroically arching phrase "Avrai tu l'universo, resti l'Italia a me" ("May you possess the universe, but may Italy stay with me").

According to this year's Edinburgh Festival, Verdi based four operas on Schiller plays: *Giovanna d'Arco* (1845), *I Masnadieri* (1847), *Luisa Miller* (1849), and *Don Carlos* (1867). (Schiller's most admired play of all, *Mary Stuart*, had already been turned into an opera by Donizetti in 1834.) This is impressive when we consider that Verdi only wrote three operas based on his favourite dramatist, Shakespeare.

Actually, his Schiller tally is more like three and a bit. The librettist of his *Giovanna d'Arco* (Joan of Arc), Solera, insisted that he took only one idea from Schiller's play *The Maid of Orleans* (having Joan denounced by her own father) and that it was basically an original treatment of the famous historical story. Nonetheless, the 1998 festival has given each of the four operas -

two in their Royal Opera productions (*I Masnadieri* and *Don Carlos*), one in two Royal Opera concert performances (Luisa Miller), and one in a single Scottish Opera concert performance (*Giovanna d'Arco*).

Meanwhile - to complete the Edinburgh Schiller/Verdi Experience - the Glasgow Citizens Theatre Company gave the festival the premiere of Philip Prowse's new production of Robert David MacDonald's translation of *The Robbers*, plus three matinee rehearsals readings of the other Schiller plays used by Verdi. All of these used MacDonald's translations (one of which, *Politics and Passion*, was receiving its premiere) and the same ensemble of actors. A true swot could attend a Schiller/Verdi study day on Wednesday 18, then spend each of the four following days going from the Citizens Schiller matinees to the Verdi opera evenings.

As it happened, the experience of the performance was one of snakes and ladders. The weakest Citizens reading was immediately followed by the best Verdi opera (*Don Carlos*); conversely, the weakest of the operas, *Giovanna d'Arco*, was preceded by the freshest and most inspired of the Citizens readings (*The Maid of Orleans*). Patti Clare as Joan, Stephen Scott as the Dauphin, and Niall Faber as Lionel led what has proved the most radiant and spontaneous

piece of spoken drama in this year's Edinburgh Festival to date.

It is sometimes said, wrongly, that British theatre-goers have no acquaintance with Schiller. Not so. The Citz production is the third British account of *The Robbers* I know of during the 1990s: the 1996 National Theatre *Mary Stuart* (star-

**Performances of Schiller's greatest fighting-for-freedom play, 'Wilhelm Tell', had to be banned by Hitler**

ring Isabelle Huppert and Anna Massey) was likewise the third British staging in ten years: the Royal Shakespeare Company did *Wallenstein* in 1988; the 1987 Citz staging of *Joan of Arc* (as it called *The Maid of Orleans*) is still warmly remembered; and in the 1980s and 1990s there have been productions of *Don Carlos* in Glasgow, Manchester, and elsewhere. Still, it is true that the British have tended to overlook Schiller when discussing the great European dramatists. Why is this? Mainly

due to British cultural history: Schiller's calls for liberty awoke less response in the Britain of the late 18th and the 19th centuries. British political democracy then, as de Tocqueville notes in his famous reflections on the French Revolution, even seemed an ideal to which other European nations aspired.

But there is another reason. Schiller - even though most of his plays have continued to hold the German stage and remain on the top-most shelf of German-language drama - was not always writing for the actual theatre. Like Goethe in *Faust*, and like waves of Romantic writers who followed (Shelley in *The Cenci*, Byron in *Cain*, Ibsen in *Peer Gynt*), Schiller kept lifting his eyes above sheer stage practice and waiting his plays into non-theatrical rhetoric.

In *The Robbers*, it is easy to hear how the Moor family are modelled upon the sons and parents in Shakespeare's *King Lear*, and easy to hear how much less gratefully the Moor family's way of talking (even when talking about their own family relationships, usually a surefire theatrical subject) takes to the theatre. Most Schiller plays are long, and most of them have an obviously flawed sense of dramatic rhythm.

And yet Schiller knows how to shape a theatrical plot: in fact, there are points

in his plays when he sinks to a mere melodramatic relish for theatrical effectiveness. At times, he also shows a sense of drama (as distinct from theatricality). *Mary Stuart*, his masterpiece, is dramatic both in surface and in depth.

The Italian composers - Rossini, Donizetti, Verdi above all - who adapted Schiller's plays into operas had their eyes far more constantly fixed on theatrical effectiveness. They often changed aspects of his plays, and sometimes they trivialised his dramas. But, thanks to them, many of us have a good indirect acquaintance with Schiller. Verdi's *Masnadieri* and *Don Carlos* are in the Royal Opera's current repertory, Donizetti's *Mary Stuart* receives a new production at English National Opera this autumn (the old 1973 one, starring Janet Baker, is still remembered with awe), and both *Guillaume Tell* and *Luisa Miller* turn up now and then.

Verdi's *Don Carlos* is the greatest of them all, and in many ways it actually improves on the play. But what makes *Don Carlos* so loved an opera, and what makes all these other operas remarkable, is the quintessential Schillerian flame that breathes through them. The tragic fight for freedom? Or the final peace of death? What Schiller brought above all, to theatre and to opera, was largeness of spirit.



Friedrich von Schiller: what he brought above all to his drama was largeness of spirit. Mary Evans Library

**T**he BBC's own millennium virus (*demoralisation* *Bartlett's*) seemed to have spread to the beloved World Service last Monday morning. Between the end of the excellent *From Our Own Correspondent* and the five o'clock news a grim silence descended. The inevitable apology was made for "gremlins", and a tottering civilisation adjusted its clothing and staggered on; but it was almost as if Radio 4 had come to Bush House. Perhaps the newswriter had had a funny turn preparing the headlines. For the first time in history, a British prime minister was assuring us that he would not resort to political assassination ("taking out", to use the American idiom our leader takes to so joyously), something that his predecessors had found unnecessary to spell out, over the perpetrators of the Omagh bombing.

A double whammy was provided by the fact that Tony Blair had taken the exact opposite view a couple of days earlier when defending the American president's right to do just that. Or was this a gentle reminder to our ally that if

## Radio/Martin Hoyle

# Virus makes the BBC too sick to care

the Clinton principle were carried to its logical extreme, Britain would have long since bombarded those sources of funding for IRA terrorism over the decades, New York and Boston? It's a funny old world, as a predecessor (and, as is becoming clear, mentor) of Tony Blair's once remarked.

Blair's Britannic coolness and Birt's grey-suited philistinism are even felt at the Edinburgh Festival. Insiders at BBC Scotland, its arts coverage once lively and unpatronising, are grumbling about the new emphasis on the Fringe (declared cool) over the official festival. One of the world's greatest assemblies of high culture has been struck by the virus *media dimbenda*.

This is all the more galling since, during a recent stay in southern California, I observed the battle to maintain ideals of public service broadcasting. Its champions would be grateful for a minuscule fraction of the freedom and resources that the BBC is carelessly throwing away. National public broadcasting can be excellent. KPBS, the local

station I caught in La Jolla, benefits, as throughout the United States, from the input from university radio stations of formidable professionalism and vitality. *Market Place*, on economy, finance and business, for instance, is produced from Los Angeles by the University of Southern California. A sizeable section of the evening was given over to the BBC World Service. There is civilisation on the west coast.

**M**y favourite California listening was a long afternoon show, *All Things Considered*, which makes Radio 4's *PM* look like an insubstantial and shallow ragbag. Its account of the bursting Japanese economic bubble was first rate: clear, cogent, authoritative journalism. The slot ranges through satirical snippets and the equivalent of short humorous columns to record reviews.

But one of the most entertaining features I caught was devoted to the morticians' trade. Despite an irony social life (people have been known to change seats

at dinner parties when they discover their neighbour is in the death business), the profession is highly regarded. There are of course slip-ups: coffins opened to reveal wrong bodies, and so on. There was even a case, said one man (prefacing the anecdote with "This is going to be pretty bad"), when "a rat had chewed off the - " "Okay," briskly interrupted the lady interviewer with professional aplomb, passing quickly on.

I also caught a classical music programme from Los Angeles: sober presentation, accessible programming, something between Classic FM and the new Radio 3, but distinguished from both by the note of genuine dedication of those who struggle to keep the flame alight. Later this year there will be an appeal to listeners for funds. "Look into your hearts and souls," the presenter pleaded.

The air of embattled enthusiasm makes the BBC's arts programmes look flabby, spoilt and navel-gazing, especially as the old complacency of excellence has been replaced by the defensive arrogance of mediocrity. This is underlined by Radio 4's *Front Row*, where Mark Lawson can refer to your critic as a "peripheral little creature" and show his own centrality to the BBC's arts coverage by getting Brahms' Christian name wrong. So far the corporation has not bothered to appeal to its listeners' hearts and souls. When it does (for the day will come) it will find the battle was lost long ago.

**T**here was a rumour around that Edinburgh was a little dull this August. The decision of the Fringe to kick off a week before the International Festival left the city feeling a bit empty. Then the festival started slowly, with some yawns from the critics.

Step up festival director Brian McMaster. He rocked Edinburgh this week by suggesting that if the Fringe could mess around with the dates, so could he and shift the festival forward a month into September. The result was pandemonium, with City Fathers, venue managers, and the media pleading with the festival and the Fringe to kiss and make up. The consensus was that Edinburgh was the world's greatest arts festival because it embraced high culture as well as the anarchic fringe; plus film, book, jazz, and TV festivals, with the Tatoo to cater for Mr Everyman.

There is a tiny fraction that we might change" admitted McMaster on Wednesday. He had gone nuclear to warn the fringe that he was unhappy with its decision to end this week-end while the festival still has another week to run, a week in which he has programmed such audience-challenging productions as Racine's *Phèdre* (in French) and Camus' *Caligula* (in Dutch). "There are seats available for every performance in the last week" said McMaster, and he still needs to take another £200,000 at the box office to reach his revenue target of £2.3m. McMaster is not too worried. To date this festival has sold a record number of tick-

## Fisticuffs at the Festival

Antony Thornecroft finds management providing the drama at Edinburgh

et and he is proud of the esoteric drama to come. "There was a feeling that the theatre as an art form was dead. I deliberately put on a tough programme to shake things up." Despite some critical reservations key productions, such as Calderón's *Life is a Dream*, have sold out. To ease the public into more difficult works there have been many more lectures and educational forums at the festival this year. It is an approach that McMaster intends to develop in his last three years as director, and fits in naturally with the government's aim of introducing a wider audience to the arts.

The row with the Fringe will blow over. It has to. Hilary Strong, director of the Fringe, shows no inclination to back down. "Having the first week separate from the festival went well enough to say we are going with it. All the shows at the Traverse, for example, sold out." The critics are forced to concentrate on Fringe events and around 70 per cent of them received the essential publicity-grabbing media review as against the traditional 50 per cent.

The Fringe moved its dates because, after the

August Bank Holiday weekend, its audience abandoned Edinburgh along with many of the performers. "The atmosphere suffered", says Strong. Now McMaster has the task of creating an audience for his final week from scratch. In fact there is a relatively small crossover between punters for the Fringe and for the festival; and he does have the field to himself. He should easily reach his revenue target. But this falling out between Festival and Fringe threatens to destroy the uniqueness of the Edinburgh experience.

**Y**et behind the apparent sameness of this experience, there are changes afoot. On the Fringe music is becoming much more important. Flux, the multi-festival at the Queens Hall where the wilder shores of pop meet the more imaginative trends of contemporary classical music, has been a great success. However, unless David Sefton and Alex Poots, who run Flux, can be guaranteed some subsidy and more sponsorship, they will be unable to repeat it next year. Elsewhere on the Fringe, comedy is looking rather

tired while drama is making a strong comeback.

It is not only the programming that is developing. McMaster stresses the educational role of the festival, and Hilary Strong is keen to add networking to the Fringe. Too many young performers have a success and then fall apart because there is no advice on how their career should subsequently develop. Strong is holding workshops and mentoring sessions for instant talents.

There is also a lottery hand hovering over Edinburgh. By next year the festival will operate from its grand new centre at the converted Tollbooth, thanks to a £7m grant. It will act as a year-round focus, selling tickets, offering a cafe and a bookshop, and at festival time becoming the heart of Edinburgh for all its myriad festivals - apart from the Fringe.

In its turn, the Fringe hopes to raise £200,000 this autumn from the lottery to update its box office computer to make booking for events so much easier. It will also tie the three main venues (the Assembly Rooms, The Pleasance, and The Old Edinburgh, which sell most of the 700,000 Fringe tickets, more firmly to the institution; at the moment they are in danger of forming a separate super league.

But some things at Edinburgh stay the same: the weather has been so cold and variable that the carnival atmosphere that sometimes grips the city in August is missing - along with the singer Bryn Terfel, who has cancelled festival performances, as usual.

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With pre-season training nearly over, Jurek Martin peers at the portents



Training camp: a cross between meat market and kamikaze squadron

Stephen Donnell/Spot

The American football season does not exactly creep up insidiously, gently disrupting the summer rhythms of baseball, golf, tennis and goldfish racing. Instead, it arrives with a large bang long before it formally begins, traditionally around Labour Day on the first Monday in September.

The ritual is called training camp and 30 of them begin in sweaty July, quickly followed by scrimmages and exhibition games. Their reasonable purpose is to get veterans into shape and assess which of the prized and/or unheralded rookies and itinerant journeymen might make the team.

The media treat camp and the exhibition games almost like the real thing. August editions of *The Washington Post*, for example, have typically devoted far more space just to the state of the Redskins' previously porous defensive line than to the remarkable recent recovery from apparent oblivion of the nearest baseball team, the Baltimore Orioles.

But camps have their rituals, too. One is the presence of the designated "Turk", generally an assistant coach, whose luckless job is to tell unfortunate players they are being released. Turks tend to be either morose or empathetic, but are well-grounded in the Excelsior techniques beloved of management schools.

Another is the "playbook",

not to be confused with the theatrical playbill. This distillation of every play the team might run typically runs longer than *War and Peace*. The New York Giants' version, for example, contains 1,100 pages, but is colour-coded, and there is a fine of \$1,500 for losing one.

And every camp has Cinderella stories about the unlikely underweight lad from the small liberal arts college in, say, Wisconsin, who has a degree in philosophy, never played in front of more than 1,000 people, yet who makes the team, or the practice squad, by flat-tuning team mates twice his size. He often gets to play on the special teams covering kick-offs and punts, the closest thing that exists to a kamikaze squadron.

Football thinks it is terribly scientific in spotting talent, using lots of speed and strength measurements in the pre-draft "combines", otherwise known as meat markets. For the past 30 years, one of the most reliable has been the 40-yard dash. If a pass catcher or defensive back can manage that distance in under 4.3 seconds he is reckoned a certain starter. Lumbering 300lb linemen who can do it in five seconds also cause coaches to salivate.

The science is not, however, that precise. Jerry Rice, merely the greatest passer ever to have donned cleats, was considered too slow, even lazy, and was therefore drafted very low when he came out of his

college (Mississippi Valley State, which no scout had ever really heard of anyway). His work ethic, let alone his remarkable ability to leave defensive backs in his dust, is now considered an exemplar of contemporary sports.

By contrast, the Redskins have spent the recent ranch on a pair of college receivers who totally underwhelmed. Michael Westbrook, the current project, is big and fast, a superb physical specimen.

### A team's 'playbook' of moves often runs longer than *War and Peace*

Unfortunately, he tends to run right when his quarterback is looking left - and the football playbook does not allow this kind of improvisation on a regular basis.

Equally, the Redskins spent \$18m a few years back on a highly touted major university quarterback called Heath Shuler, who was big, tall and could throw a ball through walls. Unfortunately, he was unable to throw it at his receivers and lost the job to a seventh-round draft pick from somewhere in Oklahoma who actually recognised the colour of his own team's uniform. To be fair to Shuler, only one of the 10 most

highly drafted quarterbacks in the 1990s, Drew Bledsoe of New England, has been an unqualified success.

But hope springs eternal in the coaching ranks, especially with quarterbacks. Thus all eyes this year are on Peyton Manning and Ryan Leaf, the two college stars picked on top of the draft by Indianapolis and San Diego respectively.

The trouble is that neither the Colts nor the Chargers are particularly good: young Manning grew up with this. His father, Archie, was a great college quarterback stuck throughout his professional career with the hapless New Orleans Saints (who now, for some reason still hapless, have picked up Shuler).

Training camps are also sometimes noteworthy for other things, such as season-ending injuries, which seems somewhat counter-productive. They also feature numerous hold-outs (players refusing to report unless their contracts are increased, or until their probation officers allow them out of state).

Along these lines, the most conspicuous incident this year naturally involves the Dallas Cowboys, not that long ago the best team in the land. This year they got a new coach, a new training camp facility and, reportedly, a whole new attitude - just as well since several of their better known players were spending more time in court than on the field.

Old habits, though, die

hard, or so at least it seemed after it became known that Michael Irvin, the star pass catcher, had planted some scissors in the neck of a new team mate during a training camp haircutting session. "Just horseplay," said the coach, a cover-up that did not work because it was pointed out that Irvin, by committing violence, had broken the terms of his probation (he is under a suspended sentence for cocaine possession).

Intensive meditation by Jerry Jones, the Cowboys' owner, then ensued, a lot of money changed hands and nobody is talking - except, that is, sports talk radio nationwide which has already barked Irvin and Jones in metaphorical eulogy.

As for the regular season, now finally dawning, there is no consensus on picking the next champion. The Denver Broncos played out of their socks to win the last Super Bowl and John Elway, the 38-year-old quarterback who contemplated retirement on winning the Big One after 16 fruitless years, will again lead a virtually unchanged team.

Green Bay and San Francisco, with Rice due back after double knee surgery, remain talent-laden and the up-and-coming Jacksonville Jaguars get high pre-season marks. Still, I watched the Packers getting beaten by not-very-good Oakland two weeks ago. Of course, it was only an exhibition game - though you could have fooled me.

## Motoring

## Drive in, plug in

Stuart Marshall on the pleasures and perils of motor caravanning

A retirement beckons, many a mature man's fancy turns to thoughts of buying a luxury motor caravan and setting off with his wife on the touring holiday of a lifetime. The idea of wandering from place to place, even from country to country, for weeks on end without much planning or having constantly to pack and unpack suitcases is seductive.

It sums up images of meals cooked on board, eaten from china plates at a proper table and washed down with a decent bottle of white wine chilled in the fridge.

With a shower and flush loo en suite, as it were, the horrors of primitive communal plumbing, so reminiscent of a camping holiday when our daughter was very

young and finances tight, can be avoided.

But, like anything else, motor caravanning has its downside. It would be sensible to hire one for a week before thinking of buying to see if you and, critically important to holiday harmony, your wife are motor caravan people.

We thought we might still be. We had enjoyed breaks in motor caravans before. Many years ago we drove a Ford Transit-based van down to the Camargue. It had four berths. Well, it really had a bed for two adults and a bogy hole over the cab for our daughter and a schoolfriend. They loved it. It was just after Easter so the site near Arles was almost deserted.

The caravan had a tiny handbasin but the shower

was of limited use because it doubled as a wardrobe. Still, there was plenty of hot water in the campsite toilet block, and hardly anyone else to share the facilities with.

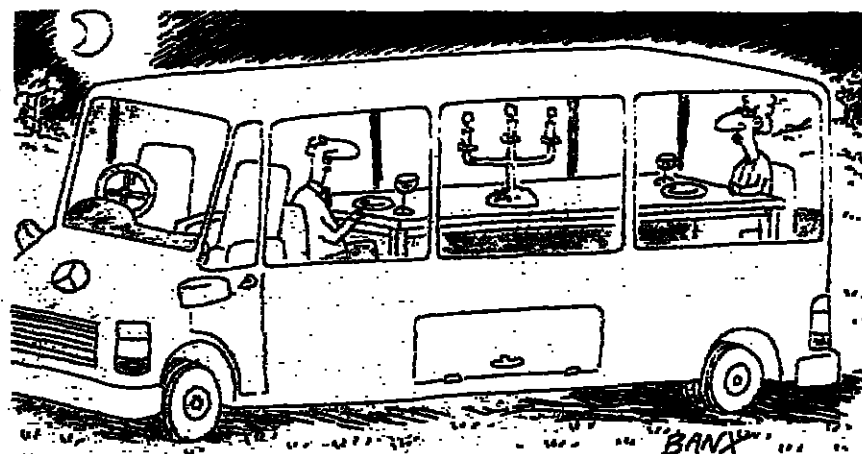
We both drove. On the long journeys from Calais to Arles and back I appreciated being able to relax for a few hours on a banquette, gin and tonic in hand, while we rolled along the autoroute at 60mph/96kph.

Later, there was a wintry trip to the west in a caravan built on a Mercedes-Benz truck chassis. It was large enough to be mistaken for the racehorse transporter it so closely resembled. Condensation ran down the windows and soaked the bedding; we dried it out on the screen demisters while we drove next day.

Our last family break in a motor caravan had been in an American machine which resembled a V8-engined Portacabin on wheels. The bed was king-sized, the fridge much larger than the one we had at home and the fuel consumption about 10 miles per gallon (28/100km). This monster brushed the hedges on both sides of narrow lanes, but when we stopped for the night, it was like living in a mobile self-catering apartment.

All that was a while ago. We had long been empty nesters when the Motor Caravan Information Service asked if we would like to give the latest Compass Mercedes Commodore a try.

A few days in the Peak District seemed like a good idea, so, briefed on its many facilities, we set off.



It was a massive vehicle: 21ft 3in (6.48m) overall, 7ft 4in (2.35m) wide and 8ft 9in (2.67m) high.

Understandably, it drove like a truck, not a car. But, en route for the Caravan Club's excellent site at Blackshaw Moor, Staffordshire, it cruised easily on the M1 at 65-70mph, steered effortlessly and rode well.

In any motor caravan, noise is a problem. The Compass Commodore's body has so many excrescences that

on the motorway, wind roar drowned the turbodiesel's hum and made radio listening next to impossible. On bumpy minor roads, however, carefully stowed the pots and pans and other domestic bits and pieces clattered.

The pros and cons of motor versus trailer caravans are easy to see. Many of the comforts and conveniences a motor caravan offers can be enjoyed on the move; a trailer caravan is,

by law, out of bounds to people, who must ride in the towing vehicle. On site, motor caravanners have only to plug into the mains electricity, switch on the gas, get the chilled meal and prepared vegetables out of the fridge and pour an aperitif, knowing that supper is only 30 minutes away.

A big motor caravan has its pluses and minuses as a touring vehicle or if you want to use it to drive to a pub for a meal. The high-

seating position gives a splendid view.

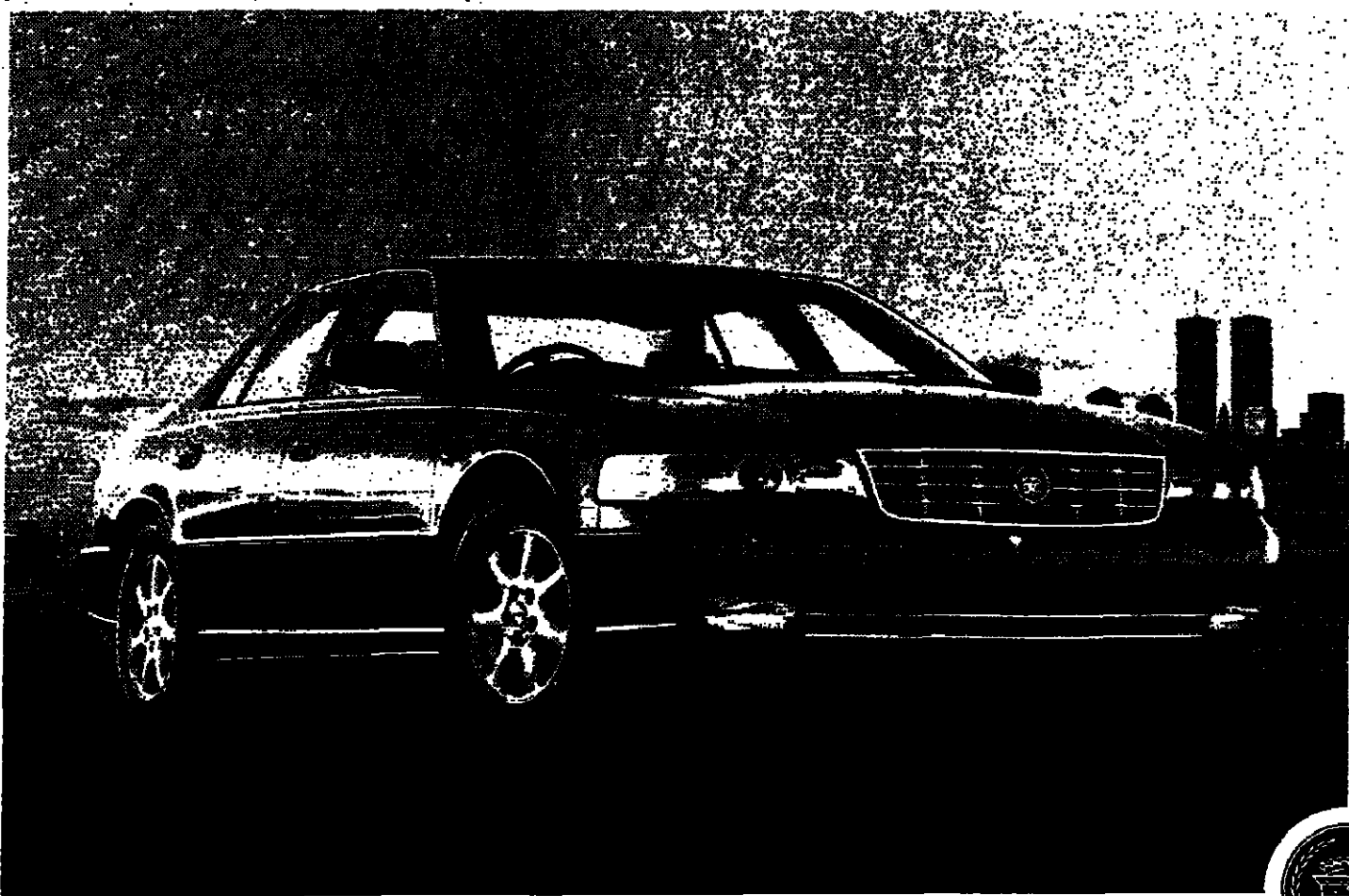
By car standards, the Mercedes Commodore had a heavy clutch and a rather spongy brake pedal but it was not difficult to drive, just big and bulky. Nor was it thirsty: I thought 25.8mpg (10.9/100km) for a bluff-fronted, three-tone vehicle surprisingly good.

The outside mirrors have to be used constantly when overtaking and driving in heavy traffic. Without my wife's assistance, parking at supermarkets would have been an ordeal. When driving into a space, the rear of a big motor caravan needs watching through the mirrors with particular care.

Would we take another motor caravan holiday? Having refreshed our memory, we think not. Freedom to wander without pre-planning is very enjoyable; disposing of your own waste water and sewage is a holiday task I could do without.

■ *Marquis Motoring Centres* (0700-007 4473) is Britain's largest motor caravan dealer. Rental from £245 per week.

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# How to Spend It

## Fashion

The third  
man bursts  
back into the  
limelight

Whatever happened to Owen Gaster? He was just quietly biding his time, says **Vanessa Friedman**

**W**hen the history of British fashion in the 20th century is written, 1994 will undoubtedly be hailed as a banner year. It was then that the razor tailors - Alexander McQueen, Hussein Chalayan and Owen Gaster - made their debut. A troika of cutting geniuses, their way with a seam transformed London's status in the fashion universe from backwater to avant-garde hub.

But while McQueen and Chalayan quickly moved on to bigger and more established things (Givenchy and TSE, respectively), Gaster seemed to fade away, victim of the fashion truism, out of buzz, out of mind.

Had his debut simply been a lucky accident, the cognoscenti wondered - if they bothered to wonder at all. Was Gaster less a rising star than a Roman candle, destined to fizzle out after one bright burst?

The answers are no and no again, as Gaster's last collection proved. The designer, it turned out, had simply been biding his time and honing his skills. His last collection (the one going on sale now) lit up last February's dreary skies like a sunburst.

Those sharply tailored Prince-of-Wales pants suits feminised by a spray of pastel sequins, those slouchy, gorgeous velvet pants both louche and loungeable, and the slashed shift dresses that snaked around the body to reveal a brief glimpse of shoulder here, a slice of back there are all available now. Prices range from £295 for the velvet trousers to £655 for a wool overcoat; the Prince-of-Wales pants suits sell at £275 for the trousers and £500 for the jacket.

Also eminently desirable were the three-quarter-length coats and wrap coats; short jackets and long jackets and jackets that hit all the spots in between. The mood is tongue-in-cheek glamour, perfectly balanced with quality cut and craft; the clothes both utterly original and quietly commercial.

"I wanted to do a show that was about a lifestyle rather than a high concept theme," says Gnster, who is 28 and surprisingly soft-spoken.

"For a while we got very intellectual in the way we showed the collection," he

**Clever draping:** knee-length walnut veneer polyester pin pleat dress, £745

continued, referring to past shows such as "Clockwork Dragons" which included fabrics that changed colour with the temperature, and "Insects", which included grasshopper-leg trousers. "I wanted to replace the idea with an individual, and do all aspects of what she might wear at different times of the day and night."

The approach worked. By the end of the presentation, there was no doubting its success. Fashionistas who had grumbled about the journey across London during the rush hour were gleeful, and once sceptical retailers were maniacally jotting notes.

"His talent is now fully developed," proclaimed Chris Pellicano, follower of Gaster since his debut and owner of the eponymous

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South Molton. Street boutique known for stocking clothes from the more creative British designers. "His clothes are full of good ideas. He has in no way given these up. But they're more wearable than they used to be. His tailoring is perfect for anyone who wants a smart suit, but a different smart suit - not the Prada everyone else is wearing."

Said Gaster: "I'm interested in the puzzle of clothes, in playing with how a garment is put together so that what looks like one thing - a coat, say - is not just that thing, but also a skirt. There's a certain poetry to it."

The poetry is a result not just of an alternative vision, but also of an alternative background. For unlike most of the current stars of the London fashion world, Gaster is not a product of either Central St Martin's or the Royal College of Art: He didn't learn his tailoring during a stint on Savile Row, and he didn't pick up pins at a pre-a-porter house over the holidays. Far from it.

Gaster grew up near Brighton, miles from the fashion fray, and says he always assumed he would follow in his father's footsteps into the business world (his father exports educational equipment). "I wasn't good at school, though." He was, on the other hand, good at design, and when he graduated from Epsom College of Art and Design in 1982, his degree collection was noticed by a group of Japanese buyers, who snatched it up, and by Joseph Ettedgui, who featured Gaster's pieces when he opened his Paris store the following year.

"I didn't know anything about what supposedly did and didn't work," says Gaster. "I didn't know the rules, so I was free to break them."

For two seasons Gaster worked on his own out of a small studio in Brighton, doing everything from production to marketing. Then came his catwalk debut, and it is a testament to his unassuming attitude that most of the same family of producers and stylists who worked with him then are still with him today. Despite the publicity the show attracted,

A collage of three black and white photographs. The top left photo shows a man in profile, looking down. The bottom left photo shows a man in a suit and tie, looking forward. The right side of the collage features a large, full-length photo of a woman in a dark, sleeveless dress with a floral pattern, looking down.

Top: Owen Gaster – at 28, his talent is now fully developed. Above right: Elegantly gitzzy sequinned mesh v-neck top, £330, with grey micro-check skirt, £210. Above left: tailored glamour in a low-cut draped neck black woolen evening dress, £375.

As he embarks on his next collection, Gaster is settling into his new role as an established talent. He now spends half a week in Brighton with his partner (who is also his design assistant, and whom he met at school) and their baby, and half in Bologna at the Casor headquarters, visiting factories and testing the boundaries of design. Owen Gaster has clearly arrived.

Available at Pellicano, 63 South Mollen Street, London W1, tel 071-629 2205; Kohl's, 65 Monmouth Street, WC2, tel 071-840 4280; Selfridges, 40 Oxford Street, W1, tel 071-629 1341.

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## HOW TO SPEND IT

# The soaps that roared

Lucia van der Post looks into the tempting world of sweet-smelling fragrances and oils

If you haven't dipped into the innovative new world of soap in recent times, you may be missing one of the cheapest treats around.

The difference, after all, between a pedestrian bar of soap bought in a supermarket (say, 8p for a 100g bar of Dove) and something sweet-smelling, rich in natural oils and essences at, say, £7 a time, is a gap most of us can afford to bridge at least a few times a year. And if you work out the cost per use, you come out with, say, 20p a go, which makes it seem a snip. You'd be silly to turn it down, really.

What we're talking about are soaps devised for a finer life than merely removing grime. These are soaps to woo one to the bath, to finger, sniff and gaze at soaps, designed to do more than keep you clean. They're a visual treat, wittily masquerading, for instance, as a bar of chocolate or a piece of fruit. Frequently, they are so tactically intriguing that the shops should be declared danger zones.

Fine soaps are made of fine ingredients - sweet almond oil, olive oil, palm oil, coconut oil, natural essences, fragrances and flavourings. Pedestrian soaps are made from animal fats in huge machines in a way which makes it almost impossible to include other ingredients in any great quantities.

They usually contain small amounts of synthetic fragrance and colour, and are exceptionally alkaline which attacks essential oils and other ingredients. They probably also contain fillers, carbonates, talc and other chemicals which give the soap bulk.

Fine soaps are made from vegetable fats and oils. They are produced in small quantities, are less alkaline and are creamier, which means other ingredients, such as essential oils, flavourings, honey and orange juice, can easily be added. Soap which does not bear the label "vegetable base" is almost certainly made from tallow (rendered animal fat).

Most fine soaps are triple milled, which means the watery waste matter has been squeezed out three times, leaving it dense and fine. This, in turn, means the soap retains its hardness and fragrance much longer

than its less finely milled relations. But, confusingly, excellent hand-made soaps containing more humectants, such as yoghurt and glycerine (which are excellent moisturisers), may also become soft and mushy quite quickly.

Many will be familiar with the classic fine soaps - such as Guerlain's beautiful sweet almond, oil-based versions (£26 for a box of three), smelling of their classically elegant scents. Others are the wonderful soaps from the Farmacia Santa Maria Novella in Walton Street, all of which are based on old Florentine recipes.

Specially delicious are the Sapone al Latte (£7 a bar or £21 for a box of three), a pure milk soap probably at its most chic when com-

pletely unscented. It also comes in seven sweet floral aromas, and spicy and musky versions.

There are many other classically fine soaps (Czech & Speake, Floris, Penhaligon's, Hermès 24 Heures, more recently Jo Malone), but it is no longer just the traditional makes that attract the chic bather.

There is a new breed of innovative soap-makers, of which probably the most successful is Lush, a chain of about a dozen shops specialising in hand-made, almost preservative-free, fresh cosmetics and bath products.

Started by Mark Constantine, who used to work for The Body Shop, Lush has turned soap into an art-form. It seems to love the visual pun and innovation. The permutations are seemingly endless - citrusy which with lemon essential oils, honey waffle (with a shaft of Dorset Honeycomb running through it), and banana moon, which really smells of banana. Queen of Hearts is many a woman's favourite - a gentle cleansing bar with glycerine, almond oil and cocoa butter.

A whole cake is heart-shaped (£22 for the whole

heart) but it can be bought by the gramme. For exfoliating the skin (good on cellulite, says Lush), No 1 Seed - containing a selection of seeds, poppy, fennel, sesame and linseed - is the one.

An enterprising Scottish company - Gaurile Soap Company - is producing interesting soaps, several of which are pictured below. These soaps look like stone-age creations hung from flax rope - a kind of Flintstones necktie writ large. Many have a "grainy look" and gradually release their herbal infusions into the lather. The soaps are completely unmilled, are made by hand from natural oils.

Look out, too, for L'Occitane, another of the small chains specialising in all things sweet and fragrant. For a well-priced, pure refined soap it is hard to beat those from the Dead Sea. Relatively inexpensive, at £2.99 a bar (and available at most branches of Boots), they are very pure, containing no detergents or animal fats. Made from vegetable oils only (olive oil, palm oil and coconut oil), they also contain minerals such as potassium and magnesium from the Dead Sea. They are particularly useful for people with skin problems.

The black-mud soap is a deep cleanser and has no perfume at all - to be used when the skin needs a deep clean. The mineral soap is for everyday use and perfumed with herbs and extracts of the vegetable oils, while the unperfumed sulphur soap (not very sweet-smelling) is for those with serious skin ailments such as psoriasis. Only available from health food stores (tel: 0181-208 6643 for stockists).

Soaps can, of course, be made at home. (I worry some of you may not have enough to do.) Just in time to fill those idle hours comes *The Handmade Soap Book* by Melinda Coss (New Holland Publishers, £12.99). Apart from a chatty introduction giving us all sorts of soap facts (did you know, for instance, that in the early 17th century, King James I granted soapmakers special privileges?), it provides a run down on how to make your very own bars of whatever soap you fancy.

As for me, I'll be tripping along to one of the fragrant soap emporiums I've mentioned.



Clockwise from foreground:

□ Hemp soap from The Body Shop made from essential fatty acids, with a cannabis leaf emblem, an excellent moisturiser, £2. Glycerine soaps from The Conran Shop - Panic-Sexy, Desire-Fear, Folly-Wisdom, Ecstasy-Purity and Heart-Soul, £2.95 each. Glycerine soap with a

rubber duck, £5.50, from The Cross. Alphabet soap from The Cross - vegetable-based, make your own words, 75p per cube. Green Marseille soap made from shea butter (otherwise known as 'women's gold') from L'Occitane, £3.50. Scrubbing and firming body soap by Nuxe made from seaweed (ground to preserve optimal iodine

and minerals) and shea butter, £4.95, from Space NK. Coconut and olive oil soap, wrapped in red twill, £7, and multi-coloured marble cube, £3.25, both by Cote Basile from The Conran Shop. Tutti frutti hand-made vegetable glycerine soaps from top to bottom, rain scent; chocolate coconut cream;

Niagara, stained glass. Each £3.95; big blocks, £70, from Graham & Green. Non-soap glycerine coriander moisturising cleansing bar by Kiehl's. Contains no soap ingredients and used in place of soap. Does not have the drying effects and residue of soap, £5.95, from Space NK.



Clockwise from foreground:

□ Giant hand-carved, vanilla-scented glycerine soaps from Egg, £30, each (small hand-carved pebble soap at £7 each). Handmade whole Queen of Hearts complexion soap from Lush, made from glycerine, cocoa butter, almond and geranium oils, violet leaf absolute and with rose infusion. Sold by weight - £2.20 for 100g or £22 per kilo. Handmade loat-like slab packed with fennel, sesame, linseed and poppy seeds for exfoliation, stinging cypripedium and pine oils, anti-inflammatory galbanum and for polishing, rosemary, lavender and pumpkin seeds. Can be cut to any size - £1.50 for 100g or £15.50 per kilo. Handmade from natural ingredients, the Megaball from Gaurile Soap Company contains a dried herbal infusion for exfoliation, can be hung by rope, £12.45.

At top, left to right:

□ All from Gaurile Soap Company. Ball and glycerine dice, £3.30; dangle with glycerine middle and outer exfoliating soap, £2.80; Byzantium lavender Aroma Delights - yellow and purple glycerine

cubes can be unfilled and used one at a time, £4.25; alternating rosemary and poppy seed beads for exfoliation, lather up with rollerball effect, £3.90. Dandelion orange aroma delights - orange and yellow glycerine cubes, £4.25; scrub hanger - scrub made from loofah, carresses when wet, top soap is glycerine, bottom exfoliates, £7.75.

Addresses:  
The Body Shop, tel: 01903-731500.  
Gaurile Soap Company, Canal Street, Kirkintilloch, Glasgow G66 1QZ, tel: 0141-776 1218. The Conran Shop, 81 Fulham Road, London SW3 6RD, 0171-589 7401. The Cross, 141 Portland Road, London W11 4LR, tel: 0171-727 6760. Egg, 36 Kinnerton Street, London SW1X 8ES, tel: 0171-235 9315. Graham & Green, 7 Egin Crescent, London W11 2JA, tel: 0171-727 4584. Space NK, 45-47 Brook Street, Mayfair, London W1Y 1AU, tel: 0171-355 1727. Lush, tel: 01202-688545. L'Occitane, tel: 0171-280 1421.

Photographs by José Lasheras  
Additional research by Anuradha Bhagwati

## WEEKEND FT

## EAST AND LOOSE THE NEW RUSSIAN KLEPTOCRACY



### capitalist kicks, tourist tricks, monastic chicks

Buying into the new Russian kleptocracy, wide-eyed and breathless on the hidden trail to Machu Picchu, and autumn's great fashion cover-up. All in how to spend it magazine, free with next week's Weekend FT.

FINANCIAL TIMES

No FT, no comment.

July 10 1998



## FOOD AND DRINK



Nick McGregor, assistant sommelier at Sartoria, checks the tables before service begins

## Oh dear, I can do without the tailors' dummies

Nicholas Lander tries out two new Italian restaurants in London's West End

Of all London's new restaurants, Sartoria, in Savile Row, Conran Restaurants' latest, must be the most elegant, certainly from the exterior.

On a corner site, with large plate glass windows that afford ample scope for people-watching, it is approached by a walkway surrounded by large boxes of herbs. Once inside there are displays of heads of garlic, borlotti beans and small artichokes in large white bowls - clearly not your average trattoria.

You are taken to your table in a cool-looking room, in various shades of grey, black and white, by smart waiting staff. Unfortunately, the low ceiling gives the impression of being in a rather clinical hotel. There are two private dining rooms.

It was on my second visit that I noticed something disquieting. Sartoria's attempt to integrate a sophisticated atmosphere with a particular theme - in this case, Savile Row's history as a centre of tailoring excellence - does not work.

The dining room and the lavatories contain tailors' dummies and glass cases full of ties and tailors' patterns; a button motif appears on the glassware; the ashtray is a curled tape measure; the menu is emblazoned with a

pair of pinking scissors and, worst, the computer-printed bill is presented on a pin cushion. It is as though halfway through planning this, its 10th restaurant, the Conran group lost confidence in its first up-market Italian restaurant and decided to hide behind the design concept. It should have kept the idea of a theme restaurant where it belongs - in a fast-food outlet.

Perhaps it is this preoccupation which has blinded the management to the restaurant's more structural problems which stem from trying hard to achieve a laudable goal - top quality, uncomplicated Italian cooking (and an astutely chosen, all-Italian, wine list) with a kitchen that is, unfortunately, located in the basement.

Chef Darren Simpson, who has cooked at Le Gavroche, Roscoff in Belfast and, most recently, at the River Café, has put together a concise, catholic menu that changes frequently. I have eaten there on three occasions and enjoyed, variously, asparagus alla Milanese, topped with a fried egg and Parmesan, ribollita and breaded veal cutlet.

But Sartoria failed what my Italian dining companion prescribed as the real test of an Italian restaurant - the quality of its pasta and risotto. I had ordered spaghetti with crab and parsley

as my main course but when it arrived only the crab was interesting. The pasta had been cooked not *al dente* as it should have been but *alla dentiera* - a phrase now used to describe anything over-cooked. The same was true, albeit to a lesser extent, of my other guest's risotto with rabbit, borlotti beans and rosemary. Each of the dishes had carried on

**Like Chinese food, Italian food has to come straight from the kitchen to the diners' plates**

cooking, to their detriment, in the heated lift from kitchen to dining room. Like Chinese food, Italian food has to come straight from the kitchen to the plate. Where the best Italian restaurants manage to achieve that intangible balance between simple design, understated cooking and passion, Sartoria has opened with too much of the first, not enough of the second

and far too little of the third.

By contrast, Teca, a former betting shop on the corner of Brooks Mews and Avery Row, oozes passion. Occupying a triangular site, it was converted at a cost of £300,000 by Swiss equity trader Marco Bacchetta, a food, wine and cigar lover, who has put his money where his taste buds are.

You enter Teca at the top of the triangle and the tables run along the outer walls with seating provided by plush leather banquettes and ultra-modern Italian chairs. At the back is the *teco*, as in *biblioteca* (library) or, more particularly in this case *enoteca*, which houses a vast range of Italian wines, including Sassicaia 1981 and 1979 (direct from the producer's cellar (£250 each), and the cigars.

In the middle a juggler/barmen mixes drinks and grinds espresso while the kitchen, run by two former *sous* chefs from the Italian restaurant at the Halkin Hotel, plays an exciting tune.

Teca breaks new ground not just for its sophisticated design but for Italian food in London. Just as the River Café in W8, Zafferano and Spiga, both in W1, have done before it. The menu is very short, six starters (£6-£8), three main courses (£12-£14) and three desserts (£5), but the cooking is intense and the presentation stunning.

Our lunch was composed of four starters - Teca does not impose a minimum on what you eat or drink - of which a salad of quail with Parmesan, balsamic vinegar and a fried quail's egg in the centre was excellent, while a thick green pea soup with shallots had great depth of flavour. The gnoccoli, filled with pesto and given a crunchy edge with pine-nuts and beans, proved that this does not have to be a dish that sinks to the bottom of one's stomach.

In its style and approach, Teca is as modern as anywhere in Milan, Turin or Rome but, because of its approach, it is difficult to pigeonhole. Teca is not formal enough for a restaurant, too chic for a trattoria, while the food is far superior to a simple *enoteca*. There are the inevitable teething problems with speed of service - and the management is naughtily not closing off the credit card slips - but Teca is of serious interest to lovers of modern Italian food and wine.

■ Sartoria, 20 Savile Row, London W1Y 1AE. Tel: 0171-534 7000, fax 0171-534 7070. Closed Sunday. Cost: around £25-£40, per person, without wine.

■ Teca, 54 Brooks Mews, London W1Y 2NY. Tel: 0171-495 4774, fax 0171-491 3545. Closed Sunday. Cost: around £15 for lunch, £25 for dinner, per person, without wine.

## Cookery

## Brightening an English summer

Philippa Davenport with some speedy recipe ideas

Summer may have been on a Wednesday this year in England - and you probably missed it because you were working - but here are a few ideas to bring a little cheer to a disappointing summer. A pot pourri of simple speedy recipes to brighten the bank holiday.

## WARM SALMON SALAD

**WITH CUCUMBER RICE**  
Boil until just tender some basmati rice in salted water with a sprig of tarragon (adding a few fresh or frozen peas if available) - say 125g rice for four people. When cooked, spread it out in a shallow dish to cool a little. Peel and dice some cucumber and toss it with one part salt to two parts each caster sugar and tarragon vinegar (half a teaspoon of salt is plenty for half a cucumber). Set it aside while you steam some salmon fillet (say 350g-400g for four people) seasoned with salt, pepper, a squeeze of lemon and a sprig of tarragon.

When the salmon is cool, skin and flake the flesh. Dress the rice with a drizzle of the cucumber juices and a good grinding of black pepper. Add the diced cucumber (drained of the rest of the juices) and the flaked salmon and toss to mix, adding a few blue borago flowers for extra cucumber flavour and colour, if you have some.

## TOMATOED COURGETTES

**OR RUNNER BEANS**  
Vegetables that slouched in the garden for weeks are now sprouting, and need to be eaten daily. Rather than shred runners, I cut them obliquely into, say, 8cm lengths, and prefer to steam than boil them. Courgettes also steam well if they are youthful; cut them into thick matchsticks before cooking, steam until al dente and blot them dry.

For four servings, slice, core and chop, say, 300g tomatoes into small pieces. Cook them in a shallow pan with a slurp of olive oil and a good seasoning each of sugar, lemon juice and black pepper. Cook them fairly fast for about three minutes, adding salt and adjusting seasoning to taste towards the end. Pour the same over the freshly cooked veg while hot, add torn basil leaves and mix. Serve hot, warm or cold, alone or with hard-boiled eggs and salt anchovies for a first course, or as a sidekick for grilled neck fillet of lamb, sausages or chicken thighs, or with baked potatoes and cold roast meat.

## AUBERGINE EGGAH

Peel, dice and sauté a smallish aubergine (preferably not a Dutch duff) until superficially coloured and tender within. Remove and season with plenty of pepper and toast to golden brown in 1% teaspoon sunflower oil (not too much for a 350g aubergine), a sprig or two of chopped mint and twice or thrice as much coriander leaf. Beat six eggs with a little salt and cook them in a hot buttery omelette pan until the underneath begins to set. Scatter evenly with the

aubergine mixture and a handful (say 100g) of crumbled goats cheese or feta. When the omelette begins to rise in the pan, slide the pan under a hot grill and continue cooking until puffed up, coloured and set firm. Eat lukewarm or cold, cut into cake-like wedges, with salad and bread on the side, or wrapped in lettuce leaves for a picnic.

**BEETROOT WITH DILL, MUSTARD AND ROLLMOPS**  
Nigella Lawson has an excellent way of preparing beetroot. Peel and grate the raw roots and toss with plenty of chopped dill (4 theps is not too much for 350g theps) of lemon juice and toss again before adding as much olive oil as lemon. Add plenty of brown mustard seeds (no less than 2 tablespoons for 350g beetroot) toasted until they begin to pop in a dry frying pan. Mix well.

Lawson serves this with seared salmon and hasselback potatoes. I push the beetroot into a ring, top it with rollmops and dollop *crème fraîche* or creamy Greek-style yoghurt into the centre. Rye bread makes a good accom-



paniment (I particularly like the mild version with coriander seed made by Melmerby Village Bakery in the north of England and sold by UK supermarkets Waitrose, Safeway and Sainsbury). Individual rounds of sizzling rosti potatoes are better still.

## NECTARINES MELBA

Juicy ripe nectarines seem much easier to come by than perfect peaches and they work well in a variation on *pêche melba*. Toss raspberries with lemon juice and caster sugar to taste. Crush the berries (200g should be enough to serve four to six) and rub them through a sieve to extract the pips. Skin and stone some nectarines, allowing two fruit to serve three people. If the fruit is as ripe as it should be, the skin should peel away easily in strips when it is lifted free from the stalk end with the point of a knife. If necessary plunge the fruit in boiling water for a few seconds to loosen the skins. Cut the flesh into crescent moon slices (and, if preparing well ahead of serving, brush with freshly squeezed orange juice to prevent discoloration).

To serve, put two small scoops of rich vanilla ice cream on each plate. Scatter the nectarine slices over and around the ice cream, drizzle the raspberry puree over the whole lot and serve with almond tuiles, cigarettes russes or other crisp little biscuits.

## A malt for the trainspotters of the whisky world

Giles MacDonogh is cheered by the peaty flavours of Ardbeg, a fine Scottish seaside distillery

There are apparently lots of them out there: people who will pay almost any price to achieve their dream. They want to own at least one bottle of every whisky ever made. That means not just every working, moth-balled or defunct distillery, but also every "expression" which has ever been bottled

for, or on behalf of, the distillery. These men and women are the trainspotters of malt whisky.

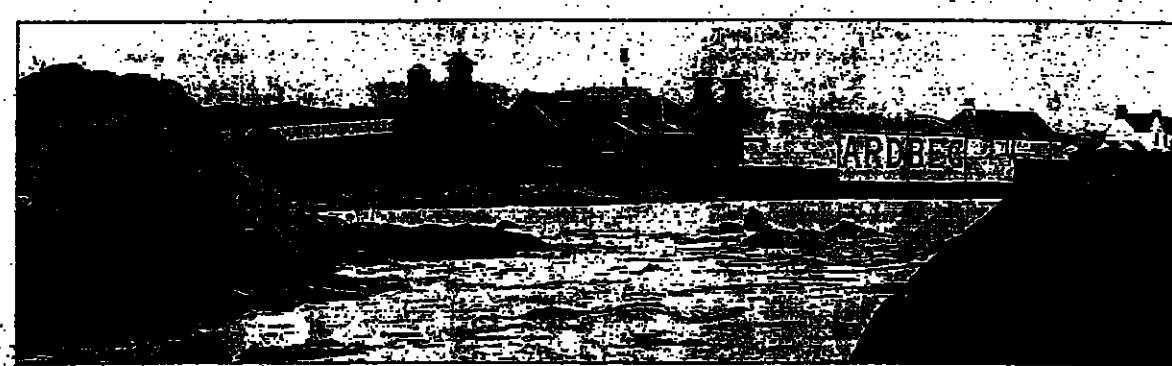
I saw one in action at the Islay distillery of Ardbeg the other day, a bearded man in a track suit buttonholing the woman behind the counter: "I've got all your bottlings except the 10-year-old." The woman looked doubtful. There was none left and hadn't been any produced for years. "I'll pay any sum."

He meant it: he already had a bottle of Provenance, the 1974 vintage which costs around £200 a go. He continued badgering, and started to recite auction prices. The woman said she would ask head office but could promise nothing. What was not clear, throughout the exchange, was whether he was going to drink the whisky, or merely store it.

Ardbeg is a sleeping beauty stretching and rubbing its eyes. The stills went quiet at the seaside distillery in 1981, and not a drop was made until 1989. Thereafter Allied Domecq ran the place for a couple of months a year - just long enough to ensure supplies for its Balmalcolm blend. In 1996 production ceased again.

Last year, the distillery was sold to Glenmorangie, which managed to get the place working. It made 4,000 cases. This year the target is 8,000. In 1999, 10,000.

The trainspotters will still have their work cut out to procure a bottle. Not just the maltspotters: Ardbeg was also the favourite whisky of the specialised press. Month after month articles were published asking Allied just what it intended to do with its buried treasure. Just before the sale, a



Ardbeg: the curious technology of the stills gives the malt a characteristic orangey sweetness which overrules the smokiness

little 30-year-old whisky was bottled. For the rest, collectors and malt-lovers had to make do with the often unreliable outpourings of independent bottlers.

Glenmorangie paid £7.25m for Ardbeg, which included more than £5m for maturing stocks. It has already spent another £1m putting the place in order and creating the visitor centre. Another £775,000 is budgeted for next year. It also needs to come to a decision about the extent of maltings, with their cast-iron columns dating from the 1890s.

Only a handful of distilleries still malt a proportion of their own barley, which is generally seen as both costly and inefficient.

It is one clear way of ensuring the individuality of a malt whisky, however, especially one which derives its smoky character from

peat-drying, like Ardbeg.

Glenmorangie wants to take the credit for reviving one of the world's great whiskies. Another £750,000 does not seem to be excessive should it want to create

**The secret of how Ardbeg manages to combine peat and sweet fruit lies in its two stills**

a model distillery. The new visitors' centre, installed in one of the malt kilns, is already showing results. A café provides a rare,

salubrious place to stop and eat in the south-eastern corner of the island. Local products such as clootie dumplings (a cross between a figgy duff and a Christmas pudding) and Islay cheese (something which should be next in line for reform) are presented along with the chance to sample a dram of the whisky.

The tours start from here. There is a little museum, and beyond that the production itself. With the maltings closed for the time being, this begins with the heavily peated malt Ardbeg is Scotland's extremest. Measured in parts-per-million, it weighs in at 50 to 53, compared with Lagavulin at 35, and Talisker at nearer 20. But, as distillery manager Stuart Thomson points out, Ardbeg is not as pungent as either of its neighbours. Laphroaig and Lagavulin

is not for want of trying. Thomson does everything to preserve the peaty "phenols" while he ferments the malt, even though they obstruct the fermentation and lower both yield and alcohol in the beer-like wash. He does this because, he wants to make authentic Ardbeg.

The secret of how Ardbeg manages to combine peat and sweet fruit in a way that Laphroaig does not, lies in its two, large ogee stills. The spirit still is naturally the smaller of the two.

It is equipped with a return valve which means that where Laphroaig's heavier alcohols are collected by the spirit receiver, Ardbeg's are drawn off and redistilled. Like Springbank in Kintyre, Ardbeg distills 2½ times, lightening the spirit and lessening the fiery character normally given by the peat.

That these stills follow the original plan is clear from the Museum of Islay Life in Port Charlotte, where there is a painting of the stillhouse done at the turn of the century.

The curious technology of the stills at Ardbeg gives the malt a characteristic orangey sweetness which overrules the smokiness associated with the peat-reek. You will find this in the 17-year-old which is currently the distillery's standard bottling, coupled with hay-like dryness.

A 1978 is also available. It seemed a little more phenolic, closer say to Lagavulin. And that 10-year-old? It is still 8%, having been made when the distillery started up again in 1989. In just 18 months it could be yours, but please don't tell the man in the track suit - let him sweat.

■ Ardbeg 17-year-old is available from Ooddins at £29.29. The 1978 costs £39.29.

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# Independent Schools: FT 500

## The elite grow into an unofficial ivy league

The top performers are displaying an extraordinary consistency, says Simon Targett

**B**ritain's premier private schools are shaping into an unofficial ivy league which caters for pupils seeking coveted places at the elite universities, judging by their achievement in the FT-500 performance table.

For the third time in seven years, Westminster School heads the table, returning a record set of A-level results with pupils averaging more than three A grades, and thereby staking a claim as the finest school of the 1990s.

Close behind is Winchester College, last year's top school, which admiring head teachers dub "a university for kids", and St Paul's School, Westminster's age-old rival for London's brightest pupils.

Eton College, England's most famous school, is ranked sixth, recovering from last year's disappointing slip to 14th, with pupils notching up an impressive tally of 539 A grades.

This quartet, with a combined age of 2,119 years and a combined inherited wealth exceeding £200m, has long dominated the upper reaches of the school league table.

But, just as Oxford and Cambridge have been forced to share the limelight with rising stars such as Imperial College, London, in a US-style ivy league of universities, so these old-established schools - which, in the case of Eton and Winchester, were founded by benefactors of Oxbridge colleges - have been joined by less famous names.

The remaining six schools have a combined age of just 885 years, yet all but two have firmly established themselves as top-10 schools over the past five years.

North London Collegiate,

The FT top 30 independent schools

Rank	School	Town	County	1997-98	FT 500	1997-98	1997-98	1997-98	1997-98
1	Westminster School	London	Greater London	1,500	1,500	33.47	33.47	33.47	33.47
2	Winchester College	Winchester	Hampshire	1,472	1,472	32.51	32.51	32.51	32.51
3	St Paul's School	London	Greater London	1,472	1,472	31.78	31.78	31.78	31.78
4	Oxford High School	Oxford	Oxfordshire	1,460	1,460	31.36	31.36	31.36	31.36
5	The North London Collegiate School	Edgware	Greater London	1,460	1,460	31.31	31.31	31.31	31.31
6	Eton College	Reading	Berkshire	1,460	1,460	31.31	31.31	31.31	31.31
7	The Haberdashers' Aske's School	London	Greater London	1,460	1,460	31.31	31.31	31.31	31.31
8	St Paul's Girls' School	London	Greater London	1,460	1,460	31.31	31.31	31.31	31.31
9	Wycombe Abbey School	High Wycombe	Buckinghamshire	1,460	1,460	31.31	31.31	31.31	31.31
10	Guldford High School for Girls	Guldford	Surrey	1,460	1,460	31.31	31.31	31.31	31.31
11	The Cheltenham Ladies' College	Cheltenham	Gloucestershire	1,460	1,460	31.31	31.31	31.31	31.31
12	King Edward's School	Wetherby	West Yorkshire	1,460	1,460	31.31	31.31	31.31	31.31
13	James Acland's Girls' School	London	Greater London	1,460	1,460	31.31	31.31	31.31	31.31
14	Manchester Grammar School	Manchester	Greater Manchester	1,460	1,460	31.31	31.31	31.31	31.31
15	Sevenoaks School	Sevenoaks	Kent	1,460	1,460	31.31	31.31	31.31	31.31
16	Mahmud Girls' College	Mahmud	Hertfordshire	1,460	1,460	31.31	31.31	31.31	31.31
17	The Perse School	Cambridge	Cambridgeshire	1,460	1,460	31.31	31.31	31.31	31.31
18	Tonbridge School	Tonbridge	Kent	1,460	1,460	31.31	31.31	31.31	31.31
19	Whitgift School	South Croydon	Greater London	1,460	1,460	31.31	31.31	31.31	31.31
20	Haberdashers' Aske's School for Girls	London	Greater London	1,460	1,460	31.31	31.31	31.31	31.31
21	King Edward VI High School for Girls	London	Greater London	1,460	1,460	31.31	31.31	31.31	31.31
22	Radley College	Abingdon	Oxfordshire	1,460	1,460	31.31	31.31	31.31	31.31
23	King's College School	London	Greater London	1,460	1,460	31.31	31.31	31.31	31.31
24	St Swithun's School	Winchester	Hampshire	1,460	1,460	31.31	31.31	31.31	31.31
25	Perse School for Girls	Cambridge	Cambridgeshire	1,460	1,460	31.31	31.31	31.31	31.31
26	St Mary's School Acon	London	Greater London	1,460	1,460	31.31	31.31	31.31	31.31
27	Leeds Girls' High School	Leeds	West Yorkshire	1,460	1,460	31.31	31.31	31.31	31.31
28	St Wilfrid's School	Leeds	West Yorkshire	1,460	1,460	31.31	31.31	31.31	31.31
29	South Hampstead High School	London	Greater London	1,460	1,460	31.31	31.31	31.31	31.31



Tristram Jones-Perry takes over this week as Westminster's headmaster

extraordinary consistency: eight of the top 10 appear in the top 10 in the separate rankings over five years, whereas only five of those ranked between 11 and 20 appear in the five-year top 20.

This panoramic view of performance reduces the brightness of "shooting stars", which shine brilliantly one year but fall out of the sky the next.

But, as it is, the FT-500 has been engineered to minimise statistical aberrations and to counter the trend for individual schools to boost their league table position by masaging their results.

The FT's statisticians have based the league table on the UCAS points system - the standard gauge for university entrance devised by the

Universities and Colleges Admissions Service - where 10 points are awarded for a grade A, eight points for a B grade, and so on.

All grades - not just As and Bs - are registered, allowing a comprehensive analysis of a school's academic performance, and A-levels - designed to be as difficult as A-levels but completed over a shorter time - are recognised and rewarded under the system.

The UCAS points form the basis for two lists of figures: ranking the points per entry figure is multiplied by three and added to the points per pupil figure.

If anything, this calculation produces a league table which understates the achievement of the top schools, since it assumes

that pupils take, on average, three A-levels. Yet, all the top schools reported that pupils, on average, took more than three A-levels. This high figure was achieved, even though General Studies - often taken as a supplementary examination

Continued on Page XIV

## EDUCATION

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# SIXTH FORM COLLEGE

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## EDUCATION

## An unofficial ivy league takes shape

From Page XIII

In view of these strict rules, the achievement of the top schools - year after year - is all the more remarkable.

Tristram Jones-Parry, who takes over this week as Westminster's new headmaster, puts success in league tables down to "pot luck".

In the competition to be No 1, this is almost certainly true, especially since the difference between the top schools is measured in decimal points.

There are, however, other reasons for the success of the top schools.

One is tradition. Alan Smithers, director of Liverpool University's Centre for Education and Employment,

says running a school "is like growing a fine lawn which needs to be watered, fed and mown - and if you've been doing it for 600 years, it helps".

Another is wealth. Eton, with assets worth £131m, certainly has this, and Westminster, though "relatively poor" according to Jones-Parry, can turn to rich parents and former pupils for funds.

A third factor is single sex education, although, as Smithers suggests, the importance of boys or girls-only schools is over-emphasised.

Perhaps the single most significant factor is a selective admissions policy.

Eton, which has King's scholarships, and Westminster, which has Queen's scholarships, can lure the brightest pupils in the country.

John Rae, a former headmaster of Westminster, says the top schools long ago realised the significance of A-level for university entry, and selected accordingly.

The merit of this policy has become more obvious since first Cambridge and then Oxford scrapped entrance exams. It has given

the top schools a head start, and the FT-500 suggests there could be an unbridgeable gap between the best and the rest.

The figures, supplied by the Independent Schools Information Service, show the average UCAS points achieved by pupils was 21.95 - equivalent to two Bs and a C - much lower than the 33.5 achieved by pupils at Westminster.

But outside the higher echelons of the private sector, pupils did make a marked improvement, since

33.5 per cent of exam scripts taken by private school pupils were awarded a grade A, up from 31.7 per cent.

Some schools recorded striking performances, including Wyckwood School and St George's School, both leading more than 230 places.

Sevenoaks School jumped into the top 20, up from 34 last year. Like Malvern College, it offers pupils a choice of A-levels or the International Baccalaureate.

The IB is broader than the A-level, but not dissimilar; the government is reviewing the A-level, and may recommend changes next year

which bring the qualifications closer together. In view of this, comparison is appropriate, and using an agreed formula, IB scores have been converted to an A-level score. By contrast, the Scottish "Higher" is very different from the A-level, making comparison inappropriate.

For this reason, as in previous years, the achievement of the Scottish schools, which still largely offer the "Higher", has been presented in a separate table. The single exception is Gordonstoun School, which only offers A-levels.

How to read the tables:

All schools are ranked on a single scale from 1-494. The five-year rank is based on an average of each school's results for 1993, 1994, 1995, 1996 and 1997. In the FT score, 1.00 represents the average for all schools; schools with a score above 1.00 achieved higher-than-average results. UCAS points are based on the UCAS system for A-levels: grade A is 10 points, grade B is 8, grade C is 6, grade D is 4, grade E is 2; for AS-levels: grade A is 5, grade B is 4, grade C is 3, grade D is 2, grade E is 1. A score of 1.00

equates to about 20 UCAS points - or one B and two Cs at A-level per pupil.

The type of school is given in the Boy/Girl column: B stands for boy, G for girl and C for co-educational. Lower case letters indicate a small number of that sex in the sixth form only.

Denotes schools where the International Baccalaureate is offered; results are converted using a formula devised by the International Baccalaureate Organisation.

Rankings and scores are based on an average of a school's UCAS points per entry and points per pupil; these have been equally weighted. All details are provisional and subject to correction by UCAS.

## Independent Schools 1998 A-level results

Rank	School	5-yr rank	FT score	UCAS points/school	UCAS points/pupil	Boy/Girl
1	Westminster School, Bristol	24	1.22	7.92	25.93	G
2	St Paul's School, London	91	1.12	7.42	23.12	C
3	St Paul's School, London	284	0.94	6.29	18.56	B
4	St Paul's School, London	75	1.10	7.30	22.43	C
5	St Paul's School, London	170	1.06	6.97	22.76	C
6	St Paul's School, London	130	0.98	6.57	18.04	B
7	St Paul's School, London	412	0.86	5.88	17.16	C
8	St Paul's School, London	387	0.76	5.29	15.87	B
9	St Paul's School, London	309	0.65	5.67	12.37	B
10	St Paul's School, London	149	1.11	7.41	22.53	C
11	St Paul's School, London	281	0.96	6.42	20.12	C
12	St Paul's School, London	309	1.00	6.62	23.42	C
13	St Paul's School, London	279	0.97	6.48	19.80	C
14	St Paul's School, London	174	0.90	6.01	18.39	B
15	St Paul's School, London	108	1.11	7.39	22.88	B
16	St Paul's School, London	111	1.15	7.52	22.46	B
17	St Paul's School, London	389	0.83	5.62	16.44	B
18	St Paul's School, London	340	0.80	5.24	17.54	C
19	St Paul's School, London	335	0.80	5.24	17.54	C
20	St Paul's School, London	335	0.80	5.24	17.54	C
21	St Paul's School, London	335	0.80	5.24	17.54	C
22	St Paul's School, London	335	0.80	5.24	17.54	C
23	St Paul's School, London	335	0.80	5.24	17.54	C
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83	St Paul's School, London	335	0.80	5.24	17.54	C
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96	St Paul's School, London	335	0.80	5.24	17.54	C
97	St Paul's School, London	335	0.80	5.24	17.54	C
98	St Paul's School, London	335	0.80	5.24	17.54	C
99	St Paul's School, London	335	0.80	5.24	17.54	C
100	St Paul's School, London	335	0.80	5.24	17.54	C

## EDUCATION

## RUGBY

## school

A substantial number of

## SIXTH FORM SCHOLARSHIPS

for boys and girls is available for entrance in September 1999

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Registered Charity number 528752

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UCAS 1998 average per candidate: 27 points\*  
\* contact Southbank for details

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Fax: 0171 727 3290

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HMC 720 boys, 300 in Sixth Form

KCS regularly admits a small number of well-qualified boys after GCSE and now invites applications for next September.

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For further details, please contact

The Registration Secretary 0181 255 5352

King's College School

Wimbledon Common, SW19 4TT

KCS, registered charity no. 310024, exists to provide education for children.



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Headmistress: Mrs Bernice McCabe BA MBA FSA

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Coach schemes with 72 stops covering e.g. Watford, East Barnet, St John's Wood, Harish Town. Underground stations nearby.

OPEN DAYS: SATURDAY 3 OCTOBER &amp; SATURDAY 7 NOVEMBER

Junior School: 10.30am - 12.30pm

The Headmistress will address parents during the morning.

Senior School: 2.15pm - 4.30pm

Headmistress's talk 3.30pm

Entry at ages 4+, 7, 11 and 16. Information about entrance tests available at the Open Days.

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Mid-week visits can be arranged by appointment.

Canons Drive, Edgware, Middlesex HA8 7EL. Telephone: Junior School 0181 852 1236 Senior School 0181 852 0922

This school exists to educate boys - Charity No 1025776

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LONDON &amp; MANCHESTER

## St. Helen's School

## Northwood

Independent Day and Boarding [GSA]  
(Girls 4-18 years)

## OPEN MORNING

Saturday, 3rd October, 1998

10.00 a.m. - 1.00 p.m.

## OPEN AFTERNOON

(for Senior School only)

Thursday, 8th October, 1998

2.30 p.m. - 4.00 p.m.

## Sixth Form Entrance Examination

Tuesday, 20th October, 1998

For further information please contact:  
The Registrar - 01923 826825 (direct) or 01923 828511

EXCELLENCE IN EDUCATION

St. Helen's School, Northwood, is a registered charity and exists to provide high quality education for girls.  
Charity No. 02087

## Malvern Girls' COLLEGE

\* achieves excellent academic results

\* inspires each girl to reach her full potential

\* develops an individual sense of self-esteem



Rank	School	5-yr rank	FT score	UCAS points/entry	UCAS points/point	Day/night	Rank	School	5-yr rank	FT score	UCAS points/entry	UCAS points/point	Day/night
433	King's School, Worcester	247	0.71	4.58	14.81	C	247	Lord Wandsworth College, Rick	287	1.02	6.84	20.47	C
434	Richmond College, Gloucester	354	0.87	5.81	12.83	C	288	North Foreland Lodge, Kent	371	0.83	6.21	15.75	C
401	St Edward's School, Chesham	355	0.87	5.81	12.83	C	289	North Foreland Lodge, Kent	371	0.83	6.21	15.75	C
202	Westwood School, Tisbury	345	0.87	5.81	12.83	C	304	North Foreland Lodge, Kent	371	0.83	6.21	15.75	C
39	Wycliffe College, Gloucestershire	297	0.88	5.84	13.08	C	305	North Foreland Lodge, Kent	371	0.83	6.21	15.75	C
County Average			0.89	6.47	20.51		344	Salisbury College, Wiltshire	322	1.02	6.73	20.83	C
Greater London							345	St John's College, Durham	472	0.86	5.78	13.81	C
186	Alroy's School, London	132	1.11	7.30	22.94	C	35	St John's College, Durham	472	0.86	5.78	13.81	C
105	American Community School, Didsbury	105	1.11	7.30	22.94	C	35	St John's College, Durham	472	0.86	5.78	13.81	C
334	Barnes School, London	481	0.92	6.14	16.54	C	2	Wichster College, Wiltshire	3	1.47	9.04	21.81	C
493	Belmont College, London	476	0.47	3.38	9.44	C	County Average			1.08	7.18	21.87	
272	Belmont College, London	476	0.47	3.38	9.44	C	Normal and Worcester						
272	Belmont College, London	476	0.47	3.38	9.44	C	117	Alcey School, Worcester	143	1.15	7.62	23.42	C
134	Belmont College, London	476	0.47	3.38	9.44	C	144	Bromsgrove School, Worcestershire	226	1.10	7.17	21.26	C
493	Belmont College, London	476	0.47	3.38	9.44	C	242	Harley and Clonsdale School, Warwick	242	1.05	6.36	17.76	C
493	Belmont College, London	476	0.47	3.38	9.44	C	411	Hay Valley School, Mid Glamorgan	380	0.86	5.82	15.37	C
493	Belmont College, London	476	0.47	3.38	9.44	C	128	Johns School, Warwick	182	1.13	7.28	22.91	C
493	Belmont College, London	476	0.47	3.38	9.44	C	129	Johns School, Warwick	182	1.13	7.28	22.91	C
493	Belmont College, London	476	0.47	3.38	9.44	C	130	Johns School, Warwick	182	1.13	7.28	22.91	C
493	Belmont College, London	476	0.47	3.38	9.44	C	131	Johns School, Warwick	182	1.13	7.28	22.91	C
493	Belmont College, London	476	0.47	3.38	9.44	C	132	Johns School, Warwick	182	1.13	7.28	22.91	C
493	Belmont College, London	476	0.47	3.38	9.44	C	133	Johns School, Warwick	182	1.13	7.28	22.91	C
493	Belmont College, London	476	0.47	3.38	9.44	C	134	Johns School, Warwick	182	1.13	7.28	22.91	C
493	Belmont College, London	476	0.47	3.38	9.44	C	135	Johns School, Warwick	182	1.13	7.28	22.91	C
493	Belmont College, London	476	0.47	3.38	9.44	C	136	Johns School, Warwick	182	1.13	7.28	22.91	C
493	Belmont College, London	476	0.47	3.38	9.44	C	137	Johns School, Warwick	182	1.13	7.28	22.91	C
493	Belmont College, London	476	0.47	3.38	9.44	C	138	Johns School, Warwick	182	1.13	7.28	22.91	C
493	Belmont College, London	476	0.47	3.38	9.44	C	139	Johns School, Warwick	182	1.13	7.28	22.91	C
493	Belmont College, London	476	0.47	3.38	9.44	C	140	Johns School, Warwick	182	1.13	7.28	22.91	C
493	Belmont College, London	476	0.47	3.38	9.44	C	141	Johns School, Warwick	182	1.13	7.28	22.91	C
493	Belmont College, London	476	0.47	3.38	9.44	C	142	Johns School, Warwick	182	1.13	7.28	22.91	C
493	Belmont College, London	476	0.47	3.38	9.44	C	143	Johns School, Warwick	182	1.13	7.28	22.91	C
493	Belmont College, London	476	0.47	3.38	9.44	C	144						

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Email: [admissions@mount.n-yorks.sch.uk](mailto:admissions@mount.n-yorks.sch.uk) Visit our website: [www.mount.n-yorks.sch.uk](http://www.mount.n-yorks.sch.uk)  
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# September 1999 entry

**Sixth Form Scholarships and  
Entrance Exams**  
will be held on 11th and 12th November

**Sixth Form Open Day**  
12th September

For a prospectus and registration form  
telephone: 01242 520691

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*The Daily Telegraph Schools Guide*

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**Applications are invited from bright boys who want to take advantage of wider opportunities and first class teaching to obtain the highest standard at 'A' level.**

**Please write for details, quoting reference FT to:  
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**Shrewsbury is a Registered Charity Dedicated to Education: Number - 536413**

## St Swithun's School

**Winchester, Hants SO21 1HA**  
 one of the country's leading independent schools for girls

**OPEN EVENING**  
FOR SIXTH FORM ENTRY  
Friday September 25th 1998

**Applications are invited for day and boarding places for 1999.  
Scholarships are available.  
For entry below the Sixth Form places are available from 2000 onwards.  
Please telephone 01962 861316 for more details.  
Russett Charles Ltd. 1998**

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**INDEPENDENT BOARDING & DAY SCHOOL FOR GIRLS AGED 11-18**

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Independent boarding and day school  
for 400 girls aged 11-18

## Sixth Form Scholarships

**Closing date for applications: 1 November 1998**

**Further information from: The Admissions  
Secretary, The Godolphin School, Milford Hill,  
Salisbury, Wiltshire SP1 2RA**

**Tel: 01722 333059 Fax: 01722 411700**  
Res Charge No CR 300486



# EDUCATION

## Independent Schools 1998 A-level results

Rank	School	5-yr rank	FT score	UCAS points/entry	UCAS points/pupil	Boy/Girl
171	Magdalen College School, Oxford	49	1.22	7.87	28.08	B
374	Our Lady's Convent School, Brighton	348	0.87	5.90	17.46	G
4	Oxford High School, Oxford	36	1.43	6.05	30.38	B
23	Rady College, Abingdon	17	1.33	6.02	28.82	B
255	Rye St Andrew School, Oxford	339	0.86	5.86	20.85	G
453	Shiphale College, Harlow-on-Thames	471	0.87	4.87	13.19	B
248	St Edmund's School, Oxford	184	1.01	6.69	20.87	B
370	St Helen & St Catherine, Abingdon	37	1.21	6.27	22.32	G
50	St Mary's School, Winchester	382	0.88	6.21	18.77	G
90	Tyler Hall School, Banbury	151	1.18	7.72	24.45	B
201	Wyndham School, Oxford	321	1.06	6.04	21.78	B
	County Average		1.05	6.53	21.52	
Scotland						
377	Gordonstoun School, Elgin	338	0.87	5.85	17.46	C
Surrey						
450	Bathurst College, Bathurst	453	0.89	4.73	13.76	C
414	Blakeney College, Blakeney	445	0.81	5.53	18.14	C
146	Brookwood High School, Guildford	232	1.11	7.42	22.08	B
21	Coventry School, Coventry	433	0.83	6.31	18.26	G
106	Stratford High School, Stratford	129	1.15	7.85	23.69	G
58	Stratford High School, Stratford	43	1.22	7.81	25.74	G
248	Woking College, Woking	409	0.82	6.81	20.55	G
	County Average		0.97	6.47	19.83	
Sussex						
320	Baden School for Girls, Brighton	332	0.93	6.34	18.62	G
267	King's College, Brighton	296	0.99	6.57	20.42	G
259	King's School, Brighton	298	0.97	6.37	18.83	G
271	Marlow School, Marlow	298	1.04	7.10	20.87	G
223	Queen's College, Brighton	225	1.01	6.93	20.83	G
220	Tonbridge School, Tonbridge	233	1.04	6.90	21.27	G
189	Wilmington School, Wilmington	235	1.12	7.30	22.45	G
277	Witley School, Witley	241	0.99	6.88	19.14	C
	County Average		1.01	6.70	20.45	
South Yorkshire						
234	Christ College, Broom	236	0.97	6.51	19.72	C
133	Hawthornthwaite, Marnham / Girls, Marnham	101	1.13	7.42	22.17	G
101	Howell's School, Llandudno, Cardiff	176	1.15	7.84	22.41	G
338	Llandudno College, Llandudno	436	0.91	6.16	18.38	B
334	Moskborough High School, Gillingham	353	0.86	5.93	18.27	B
136	Moskborough High School, Gillingham	126	1.12	7.30	22.45	G
238	Preparatory School, Newport	251	1.03	6.86	21.07	G
305	St Michael's School, Llanelli	185	0.96	6.83	18.61	C
	County Average		1.02	6.93	20.57	
South Yorkshire						
216	Birkdale School, Sheffield	259	1.04	6.86	21.23	B
153	Sheffield High School, Sheffield	180	1.11	7.47	22.35	G
	County Average		1.08	7.22	21.80	
Staffordshire						
351	Abbeydale School, Uttoxeter	423	0.89	5.94	17.96	C
405	Darlington College, Darlington	411	0.83	5.41	17.26	C
142	Newcastle-under-Lyme School, Newcastle-under-Lyme	163	1.12	7.29	22.12	C
Suffolk						
280	St Mary & St Anne, Rugby	269	1.01	6.74	20.71	B
424	St Dominic's Priory School, Shore	347	0.79	5.43	15.73	G
391	Stifford Grammar School, Stifford	397	0.87	5.87	18.59	G
	County Average		0.97	6.11	18.59	
Suffolk						
315	Colford School, Bury St Edmunds	328	0.94	6.28	18.06	C
379	Frankham College, Woodbridge	380	0.86	5.76	17.49	C
40	Isleworth High School, Ipswich	167	1.25	8.19	26.16	B
136	Isleworth School, Ipswich	133	1.12	7.38	22.02	G
301	Royal Hospital School, Ipswich	142	0.82	6.45	18.42	C
369	Saint Felix School, Southwold	236	0.88	6.00	17.45	C
428	St Joseph's School, Ipswich	337	0.79	5.46	15.28	C
143	Woodbridge School, Woodbridge	235	1.12	7.34	22.10	G
	County Average		0.98	6.61	20.10	
Sussex						
120	American Community School, Chichester	113	1.13	7.00	24.50	C
469	Box Hill School, Dorking	469	0.85	5.69	11.22	C
193	Chichester School, Chichester	100	1.14	7.27	24.37	C
304	Chichester School, Chichester	58	1.18	7.74	24.77	B
93	Chichester School, Chichester	225	0.86	6.44	19.25	B
304	City of London Freeman's School, Ashurst	322	0.90	6.10	17.94	G
162	Downing College, Chichester	202	1.10	7.09	23.18	B
226	Downing College, Chichester	210	1.02	6.82	20.82	G
423	Elphinstone School, Chichester	404	0.79	5.70	11.94	C
103	Epworth College, Epworth	62	1.16	7.54	24.21	B
425	Epworth College, Epworth	472	0.79	5.42	15.32	B
258	Frederick Heights, Farnham	272	1.07	7.01	20.61	C
355	Greenwood School, Barmstedt	419	0.89	5.83	18.16	C
10	Goldfield High for Girls, Goldfield	25	1.38	8.88	28.36	B
156	Harwood House, Dorking	226	1.08	7.10	21.45	G
406	King Edward's School, Leighton	380	0.76	5.19	15.15	C
296	North Downs Junior School, Lingfield	302	0.97	6.86	18.62	G
408	North Downs Junior School, Lingfield	343	1.05	7.22	20.74	G
217	Parsons Mead School, Ashurst	463	0.81	6.82	19.14	G
294	Priest's Field, Godalming	416	1.05	7.17	21.00	G

## Scotland's Independent Schools

School	Total	Candidates in year	Subject entries	Grade A
Albion School for Girls, Aberdeen	500 yr Highers	28	24	6
	500 yr Highers	39	52	13
Balcomprank, Glasgow, Bridge of Allan	500 yr Highers	15	15	8
Balcomprank House School, Glasgow	500 yr Highers	24	61	2
Balcomprank House School, Glasgow	500 yr Highers	24	23	23
Balcomprank House School, Glasgow	500 yr Highers	27	27	94
Balcomprank House School, Glasgow	500 yr Highers	40	40	76
Balcomprank House School, Glasgow	500 yr Highers	60	60	60
Balcomprank House School, Glasgow	500 yr Highers	110	97	189
Balcomprank House School, Glasgow	500 yr Highers	131	131	34
Balcomprank House School, Glasgow	500 yr Highers	150	150	183
Balcomprank House School, Glasgow	500 yr Highers	121	121	554
Balcomprank House School, Glasgow	500 yr Highers	95	147	15
Balcomprank House School, Glasgow	500 yr Highers	95	141	53
Balcomprank House School, Glasgow	500 yr A-level	81	79	285
Balcomprank House School, Glasgow	500 yr A-level	16	13	3
Balcomprank House School, Glasgow	500 yr A-level	11	24	56
Balcomprank House School, Glasgow	500 yr A-level	27	27	177
Balcomprank House School, Glasgow	500 yr A-level	95	57	187
Balcomprank House School, Glasgow	500 yr A-level	95	95	29
Balcomprank House School, Glasgow	500 yr A-level	95	46	42
Balcomprank House School, Glasgow	500 yr Highers	185	185	228
Balcomprank House School, Glasgow	500 yr Highers	154	154	684
Balcomprank House School, Glasgow	500 yr Highers	155	172	23
Balcomprank House School, Glasgow	500 yr A-level	22	22	22
Balcomprank House School, Glasgow	500 yr A-level	217	217	412
Balcomprank House School, Glasgow	500 yr Highers	82	89	103
Balcomprank House School, Glasgow	500 yr Highers	95	98	479
Balcomprank House School, Glasgow	500 yr Highers	95	101	181
Balcomprank House School, Glasgow	500 yr A-level	94	44	85
Balcomprank House School, Glasgow	500 yr A-level	94	93	392
Balcomprank House School, Glasgow	500 yr A-level	94	93	14
Balcomprank House School, Glasgow	500 yr A-level	94	93	114
Balcomprank House School, Glasgow	500 yr A-level	94	93	38
Balcomprank House School, Glasgow	500 yr A-level	94	93	69
Balcomprank House School, Glasgow	500 yr A-level	94	93	69
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Balcomprank House School, Glasgow	500 yr A-level	94	93	69
Balcomprank House School, Glasgow	500 yr A-level	94	93	69
Balcomprank House School, Glasgow	500 yr A-level	94	93	69



# A bird in the hand is worth...

Nick Haslam joins an environmental programme in a Hungarian swamp

I am not too wild about bird watching or camping. So the prospect of spending a few days under canvas, in a Hungarian swamp, which also happens to be an ideal stop for thousands of migrating songbirds en route from Russia to Africa, did not exactly fill me with joy. Furthermore, I knew I was expected to get up every day at sunrise.

I had arrived at dusk at Ocsa, about 37 miles (60km) from Budapest, under a dark, thundery sky, and slung my bag into one of the line of tents before being introduced to Gábor Lövei, a Hungarian ornithologist. Lövei, in his 40s, has been working at the Landscape Reserve for the past 15 years. Now, with the support of the environmental charity Earthwatch, he has set up a special project to monitor and collect data on migrating bird populations each summer.

That first evening, four teachers and a construction engineer from England, two Kenyans on Earthwatch fellowships, six Hungarian volunteers, and a Finnish ornithologist were at table. They radiated enthusiasm, dedication and a total disregard for clouds of mosquitoes which, I could have sworn, were blotting out the feeble rays of the dying sun.

At dawn, as a sulphurous mist leaked from the swamp, I blearily followed the Finn, Mikko Ojanen, along one of the paths which fanned through the area of mixed woodland and marsh, listening with half an ear as he enthused about the extraordinary variety of habitat to be found in Ocsa.

Beside us, almost invisible to the eye, were fine, black mist nets suspended on high poles. Within minutes, we came across

our first catches of the day, strung like strange fruit high in the nets. Ojanen, identifying the birds as a reed warbler and a blue tit, rapidly disentangled beaks and feathers from the netting, easing mesh over legs as fine as match sticks, and then placed them in small, colour-coded canvas bags.

As we continued, he told me that the birds, which breed in the lush forests of northern Russia, fly south in early autumn, travelling in hops of 190 miles or 290 miles, pausing to rest and feed for a few days in areas like the swamp we were walking through.

Finally, from southern Europe and on the shores of the Mediterranean, with body weight nearly doubled, they will launch themselves, as little bundles of fat, on the longest stage of their 3,000 mile journey into sub-Saharan Africa. Tiny warblers have been seen riding jet streams at more than 10,000ft (4,000 metres), unerringly landing each year in the same small area of territory, which might just be a small bush in the middle of featureless savannah in the African plains.

Carrying our captives, which seemed completely weightless, I felt a certain grudging admiration for such grit and determination from creatures so small. At the camp, volunteers identified, weighed and examined birds, noting the feather length, and blowing back the fine down to reveal the skin beneath.

On some, a layer of yellowish fat indicated they would soon be ready to fly on. On new arrivals, the skin beneath the feathers was almost transparent. Banded with a tiny metal ring, the birds were then released and the data labori-

ously written into a ledger to be entered later into the computer at the University of Budapest. Under a nearby tree, Lövei, using a tiny pipette, took blood samples from selected birds which would be used to provide DNA identification data.

Earthwatch had funded a similar project in Kenya and it was hoped that some of the birds netted there could be identified by DNA taken in Hungary. "We simply don't know enough about the final destinations of these migrations," said Lövei, releasing a swallow into the air.

He added: "With the help of DNA data, we should be able to discover where different populations of the same species spend their winters."

That day a meagre 70 birds were netted, from startlings to the

very rare middle spotted woodpecker. To my surprise, I welcomed initiation into the difficult art of removing the fragile birds from the net, a task which demands much patience and a steady hand.

My first attempt was with a blue tit, which pecked hard as I held its warm body, tiny heart beating like a miniature steamhammer, to ease it, finally, from the net. The team did rounds each hour of daylight, and every 30 minutes during the heat of midday. The birds are so small that heat exhaustion could kill them if they were left trapped in the net for too long.

For the next five days, life fell into a rhythm of rising at dawn, walking the nets, helping with the complex business of identification and measurement of our

catches, and of discussions around the fire late into the night. It was, I grudgingly admitted to myself, surprisingly interesting, so much so that even the

**'It is so exciting to participate in a scientific research project, even in a small way'**

mosquito bites seemed to lose their sting.

Since 1983, more than 120,000 birds of 144 species have been ringed at Ocsa but migrant populations of swifts, swallows,

warblers, nightingales and thrushes have fallen by as much as 50 per cent over the past 15 years and no one has yet been able to provide a clear reason why.

Data gathered at Ocsa would shed some light on the problem, but Lövei believed that one of the main reasons for the declining population of songbirds might be the destruction of their winter feeding areas. "Some parts of Africa," he said, "have lost more than 50 per cent of suitable habitat in the past 20 years."

Much of the field research carried out by Earthwatch is supported by paying volunteers, who are given the opportunity to contribute practical as well as financial assistance. Ken Brown, a structural engineer, had paid \$200 to join the project at Ocsa

and, one morning as we trotted the nets in a damp mist, I asked him if he couldn't think of a better way to spend his holidays.

Standing under a tree in his waterproofs, he looked shocked. "This is perfect. It's a complete break from what I normally do, and it is so exciting to participate in a scientific research project even in a small way."

A few days before, I would not have had an inkling of what he was talking about, but now, as Brown led the way to liberate another small victim from the net, I understood absolutely. ■ Nick Haslam visited the Ocsa project courtesy of the environmental charity Earthwatch. For more details of its 150 worldwide projects, contact Earthwatch at 52 Woodstock Road, Oxford OX2 6JH; tel 01865 311600.



Removing fragile birds from a net - part of a process to find out why the songbird population is falling

Carly Mather, Earthwatch

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## TRAVEL

## Rediscovering the Lost Horizon

Shangri-la does exist - it's in California and it's idyllic, says Angela Wigglesworth

**D**rive 75 miles north-west from Los Angeles and you come to the small town of Ojai (pronounced o-hi) lying below the Los Padres National Forest in a valley inhabited for centuries by the Chumash Indians until thousands were wiped out by Spanish missionaries.

It wasn't always called Ojai. In 1874 it was known as Nordhoff, after a travel journalist of that name wrote about the valley in glowing terms.

By 1914, the town was in need of a facelift and Edward Drummond Libbey, a wealthy glass manufacturer, called a meeting of civic leaders and merchants to present his idea for smartening it up. An arcade, he said, would beautify and bring together the ramshackle collection of shops, garages and livery stables.

He offered to finance the structure if every merchant contributed \$10 for every foot of frontage each owned. They agreed and, three years later, when anti-German feeling was running high, the town's name was changed to Ojai. This is the Chumash Indian word for moon. The people felt that the crescent shape of their unique mountain-ringed, east-west lying valley had mystical powers. Maybe Frank Capra thought the same when he used it for Shangri-la in his 1937 film *Lost Horizon*.

Today, people are still attracted by the mystical power of the valley. Writers and artists live there. Krishnamurti, the Indian philosopher, spent much time there and it has an Institute of Theosophy, where spiritual traditions of east and west come together.

"It's the kind of town," one shopkeeper told me, "that brings everyday living back to manageable size, a ratcheting down of the frenetic city pace. It's how America was at the turn of the century, a community-minded place where people care about each other, and it's safe. We still see kids on swings, playing in trees, riding bikes to piano lesson and soccer practice."



The Ojai Valley Inn, stylishly beautiful but a development which has not forgotten its history

Visitors come to play golf, ride, walk or go bird-watching. In the town's wide main street, with Libbey's Spanish colonial-style arcades, small shops sell clothes, gifts and books. There are art and craft galleries, restaurants and cafes. Tottenham Court, a shop and restaurant selling gifts from Britain, "returns patrons to a gracious London of a time long past but dearly remembered".

So strong is the Britishness of Tottenham Court that when Diana, Princess of Wales, died a year ago, people laid flowers in the street outside the shop. It was the nearest they felt they could get to Britain.

Bart's open-air bookshop has 150,000 second-hand books in a courtyard under the shade of a 300-year-old oak tree. Some overflow into the living room of the owner's adjoining cottage and cookery books find their way into its old kitchen. "People come and sit and read for hours," said Gary Schlichter, who started the business 20 years ago.

"We don't hassle anyone and some have picnics on the patio. I put books outside in the street too - people come at night with torches and candles to browse. I can't check, but on the whole they're very good and put money in the box if they buy a book."

Bells from the post office tower - modelled on a campanile in Havana - chimed the time, and children and dogs splashed in the fountain.

In Libbey Park, people strolled under oak trees where blue jays squawked, and actors rehearsed their lines for an open-air theatre production. The town hosts annual music and Shakespeare festivals. A tennis tournament, held every spring since 1895, is thought to be the oldest in the US.

Five miles south-west of Ojai is Lake Casitas, a man-made lake and the source of Ojai's water supply. Surrounded by 6,200

acres (2,500 hectares) of oak-covered hills, it is a popular place for campers, picnickers, fishermen and birdwatchers. One misty morning, I saw a pied-billed grebe, blue heron, American coots, European starlings and a great-tailed grackle. A turkey vulture sat on a telegraph pole, bush-tits swung on the reeds, red-winged blackbirds flew overhead and snowy egrets soared and danced on the water.

We went horse-riding on a guided trail that winds through the creeks and meadows of Lion Canyon, and one day we drove past orange orchards, white oleander bushes and giant cactus on

the roadsides, up to the top of Meditation Mount. Services are held there monthly and visitors are welcome from 10am to sunset daily.

As we left the car, the silence was so acute we found ourselves speaking in whispers. Footpaths led to tiny pools; evening primroses and bright marigolds grew by creamy-coloured boulders. Encircled by mountains, the view over the valley was breathtaking.

A hawk, flying the thermals, screeched and swooped over the canyons and, far below, were newly planted citrus orchards.

In the evening, you can watch the sun dip behind the last row of hills, but in Ojai you do not look west for the setting sun; you look east, where it casts a gold-pink-lavender glow on the rock face of the Tupa Tupa mountains. It is a magical sight. Residents call it "the pink moment".

We stayed at the Ojai Valley Inn, a stylishly beautiful hotel which Libbey started in 1923 when he bought 220 acres of land to build a country club, along with a golf course for his friends to play on. The hotel now has 220 rooms in eight buildings, swimming pools, tennis courts and a fitness centre.

Arnold Palmer and other star golfers play on the award-winning 18-hole championship golf course. Last year a spa "village" was created: 28 treatment rooms and a luxury four-bedroom penthouse suite which includes jacuzzis on the terrace, a meditation loft, personal butler and private chef, lessons in yoga, tai chi and qigong.

The price for eight friends sharing is \$38,000 for three nights and four days. A package for two can be arranged.

But the hotel has not forgotten that the area once belonged to the Chumash and it has created a short forest trail leading to the kind of thatched dwelling the Chumash would have lived in. "We've also grown plants they would have known," said Becky Donahue, the hotel's landscape manager. "They used elderberry, for instance, for making flutes and whistles and their baskets are some of the most beautiful in the country. There are a few in Ojai's Museum."

Angela Wigglesworth travelled with Virgin Atlantic (01293-747747) to Los Angeles where she stayed at the Hollywood Holiday Inn (tel: +1 213-463-7181), 10 minutes from the Hollywood Bowl. The Ojai Valley Inn is on +1 805-646-5511.

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It's not wise to swim in the Bosphorus, but the next best thing is the pool at Istanbul's Çiragan Palace Hotel Kampinski, only a few feet away. Built in 1991, partly in the shell of an Ottoman palace burnt down in 1910, the hotel is being plushly refurbished. Rooms with a sea view start at \$300 (£162), and overlook not only one of the world's great waterways, but mosques with pencil minarets and the woody shores of Asia. The Sultan suite is only \$5,000. (The road view rooms off the back aren't quite as special.) Book toll-free on 0800-868588, or take a city break with Kiker Holidays (+44 0171-231 3333).

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## WHAT'S ON?

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John Westbrooke

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## TRAVEL

## A place of old-style courtesies

Giles MacDonogh enjoys the Austrian rustic approach

Salzburg may have been less knocked about than many central European cities, but it was still an ambitious project to open an exclusive hotel there in 1948.

Nor was Countess Harriet Walderdorff the natural choice for the job of running it. The daughter of a portrait painter and direct descendant of two American presidents, John Adams and John Quincy Adams, she had trained as an actress before she married a German count and settled in the Salzburger.

Austria still had seven years of occupation left to run. Scarcity was the order of the day, but Salzburg lay in the comparatively lenient American Zone, and it had another advantage over other ailing Austrian cities: the lustre of the festival, which had been revived as early as 1946.

In truth, the Goldenes Hirsch was not new. The building went back to the early 15th century and it had been an inn since the 17th. When the Walderdorffs bought the building it was a crummy guesthouse crudely converted in the 1890s. The room which serves as a restaurant today was partitioned and occupied by a string of small businesses.

Harriet Walderdorff did not have the obvious vision for her hotel: this was to be no chic, elegant hangout for artists, thespians or noblemen. Her idea was both curious and controversial. She wanted the rustic decoration of an upper Austrian farmhouse and her porters, chambermaids and waiters clad in the folksy costumes of the provinces. She was inevitably dressed in a *Dirndl*, and when her son took over the management he forsook his city suit for Lederhosen.

Across the border in Germany, this might have been seen as politically insensitive so soon after the demise of National Socialism, a movement which had so adamantly rejected "foreign" forms in favour of Teutonic styles. But the Salzburg establishment, invigorated by Herbert von Karajan and other cultural gurus of the festival, backed Countess Walderdorff from the start.

Her ownership of the "Hirsch" lasted 20 years. By her own admission, she began over-ambitions and began extending her realm until she was finally obliged to sell. The Goldenes Hirsch is now owned by the Sheraton hotel chain.

The company has retained her vision, and Johannes, her son, still manages the hotel and ensures the folksy style is very much the rule. You either love it or loathe it. Festival-goers divide into two camps: those who prefer the urbanity of the Österreichischer Hof standing aloof on the river; and those happier among the cutesy chimes of the Hirsch, which sits in the jumble of the medieval city.

As such the hotel is very much in keeping: Salzburg is twice as touristy, sweet and sugary in a way that no other Austrian town succeeds in being, however hard it tries. The whole place is self-consciously old-fashioned. The staff at the Hirsch are intensely courteous in a manner that is now almost impossible to come by between the Rhine and the Oder, yet which must have been commonplace before 1933 or 1914.

It is at its best in the restaurant. Here is a "Herr Oberkellner" who rules the roost and he is certainly no French *maitre d'hôtel* or American "maitre d". He has a firm grip on both his waiters and the camera-flashing tourists who cram his dining room demanding souvenir shots of their visit.

It is the 50th anniversary of Countess Walderdorff's creation, and the "Oberkellner" was very firm in his conviction that I should eat the celebratory menu. "Hors d'oeuvres anno 1948" were everything you might expect: deeply old-fashioned. There was a sort of prawn cocktail, made not with prawns but with chicken and embedded in half an orange; a rollmop and some sort of pâté.

I was supposed to eat a "Salzburg fish dish" next, but I demurred. I wanted fresh white asparagus from the Marchfeld, east of Vienna, with the season's new potatoes and hollandaise sauce. It proved a battle, but I won in the end.

"Golden stag fillet" (Hirsch means stag) was a pretty conceit: the jumper cream which covered stag and moiré had been gilded by the grill. Old-fashioned puddings brought down the curtain: a simplified millefeuilles, a chocolate cake and vanilla ice with cherry compote.

It was good solid stuff, but by no means grand. It is the guests who embleme the Hirsch, chiefly during the festival.

Hotel Goldenes Hirsch, tel: +43 662 8084. Rooms from Sch. 3,400 (£170). Menu: Sch. 650 (£32.50 without wine).



Illustration: 'The villages are hardly crawling with tourists and besides, in the countryside you rarely meet anyone other than a field worker or goatherd'

## Hard hiking in Andalucia

Roger Bray discovers the Sierra de Grazalema is greener than he imagined

To someone whose preconception of Andalucia was of a landscape scorched yellow by the sun, its glaring monotony broken only by the black silhouettes of olive trees and cork oaks, the greenness of its mountains in spring came as a surprise.

Even the advance discovery that the Sierra de Grazalema received more rain, on average, than anywhere else in Spain, failed to dislodge the idea of it, fuelled by reports of drought and coloured by some dark image from a Lorca tragedy, of a place perpetually, oppressively hot.

It had been hard to believe the promise that, midway through the penultimate and by far the hardest day of our hike, we would be able to shed our boots and cool our feet in a deep, limpid pool formed by a full-throated river.

How grateful we were that such scepticism proved unfounded, for there was a five-mile uphill slog ahead and, as we dried off in a sudden splash of sunshine, we could look forward to setting off refreshed and revived.

Mid-May is a magical time to go hiking in Andalucia. Constellations of flowers lead the eye on a dance along verges and across meadows. It may be a little late for wild peonies, but not for the pervasive purple bugloss, its bright swathes reminiscent of bluebells, for Jerusalem sage, curiously called *matagallo* (kill the cockerel) in Spanish, for profuse pink and white cistus.

starry daisies and waving slender brooms.

Birds keep you reaching for your binoculars. On hot mornings after rain, when water trickles down over stones and boots squelch in grassy bogs, the bushes are alive with them. Stonechats perch on fence posts, hoopoes flash across your path. In the high places, Egyptian vultures circle on the thermals and the occasional booted eagle hunts low across the fields. One sultry lunchtime, we watched bee-eaters darting and gliding in search of food.

This was one of those walks on which your luggage is transported between hotels, so the only real weight in your backpack is water, of which you need a good supply for there are climbs which leave you gasping.

Our walk took in some of the region's much photographed *pueblos blancos* or white villages. Some travellers complain they have been tainted by overspill from the Costa. This strikes me as an excessively fussy objection. They are hardly crawling with tourists, and besides, in the countryside you rarely meet anyone other than a field worker or goatherd.

Accommodation, while generally of a high standard, was varied. It ranged from an uncomplicated hostel in Zahara de la Sierra, through a lovely old *cortijo* near Prado del Rey to the Molino del Santo, a converted mill, run by a couple of English former teachers, where we swam in the pool, ate *chorizos* - small local sausages, cooked in wine - and marinated loin of pork, and fell asleep to the sound of cascading water.

The hiking was demanding. There was nothing scary about it, save for the odd field of bulls which kept us mindful of potential escape routes, but it was not for the unfit.

The instructions provided by the tour company which organised the trip were precise. When we were told the day's walk would take six hours, that is what it took. But, just as it took an age to wipe out the fixed idea of a parched countryside, so I stubbornly persisted in the expectation of beating the clock. My wife went along with this - but on that penultimate day, she had reason for complaint.

Although the walk was only 11 miles long, said the notes, it would take us around 8 1/2 hours. It could be shortened, they advised, by taking a taxi to the first village on the route, but I scorned the idea. Surely it could not be so tough as to justify such whimsical behaviour? It could.

The section to Benamahoma was deceptive, a euphoric stroll in dappling sunshine along the banks of a trout river. Benamahoma provided a rare treat, for it is the only place on the route with a café, where we lingered over cold drinks,

under trees decorated, omnisciently, with animal skulls.

There began the first of the day's steep, dehydrating climbs. On it went, through a kind of natural rock garden until we briefly joined a mountain road and dropped to an isolated glade, where we opened a picnic of Serrano ham, ewes' cheese and sausage, only to be surrounded by hundreds of chewing goats. We followed and overtook them as they munched their way through the undergrowth, emerging where a deep green valley

opened up. After our quick dip in the river, the day's second climb seemed to hold no challenge.

It began on a drovers' track, which was rocky and steep. When it petered out, we became hopelessly lost in the scrub, drawing blood on gorse bushes as we thrashed about, trying to pick up the path again.

Eventually, the blackened grass of a fire break opened our way to the ridge and the pass called the Puerto del Boyar, where we took a grateful breather, sucking on

oranges. We were exhausted, but there was still more than an hour to go.

It is just as well they dine late in Spain, for it was 8.30pm when we reached the hotel in Grazalema. Heading down to the village, and cursing me gently for not heeding the advice in the notes, my wife pointed out that I had walked straight past an exquisite bee orchid without noticing. All I could see in my mind's eye was the condensation on a glass of chilled beer.

Information: this seven-

night holiday is offered by Inatransel. Reservations: 01853-628811. Available until late October, it costs from £377 (self-drive) or £560 by air via Gibraltar - with a train connection from San Roque, which is just across the border. The package includes one night in Ronda, dinner, bed and breakfast, and packed lunches. Take a light waterproof jacket, good sunglasses and binoculars. I also strongly recommend buying Betty Molesworth Allen's *Wildflowers of Southern Spain* (Mirador Books).

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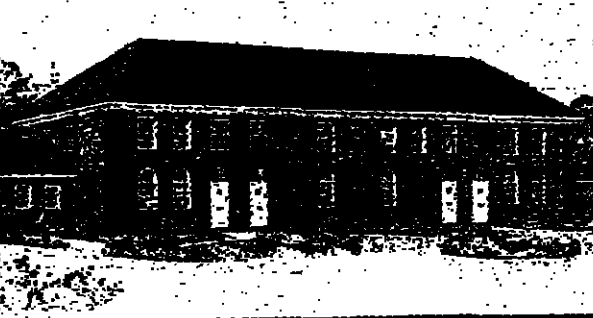
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Tel: 49-228-917 1200  
www.kah-bonn.de  
Great Collections: the latest in this series of exhibitions is devoted to the Musée du Petit Palais in Paris. Concentrating on the museum's holdings of 19th century French art, the show comprises nearly 200 works and ranges across painting, drawing and sculpture; to Sep 27

## BUDAPEST

**Hungarian National Gallery, Buda Castle**  
Tel: 36-1-375 7533  
Jozsef Rippl-Ronai: retrospective of the Hungarian post-impressionist, comprising 250 works. Includes decorative art objects and personal photographs and letters as well as paintings loaned by private collectors and museums; to Sep 6

**Museum of Applied Arts**  
Tel: 36-1-217 5222  
Zsolnay: Art Nouveau Ceramics. Display of 200 objects made between 1897 and 1918 at the family-owned Zsolnay factory in Pécs. Includes goblets, vases and other objects. The museum itself, opened in 1896, is itself decorated with Zsolnay pyrogranite; to Sep 27

## CHICAGO

**Art Institute of Chicago**  
Tel: 1-312-443 3600  
www.artic.edu  
● **Japan 2000: Design for the Japanese Public.** Part two of the series focuses on the G-Mark system which promotes good design. Includes watches and bicycles; Kisho Kurokawa Gallery; to Sep 7  
● **Songs on Stone: James McNeill Whistler and the Art of Lithography.** Around 200 works by the American printmaker, including drawings, etchings and paintings, which demonstrate the importance of lithography to his art and his theory of art. The exhibition will travel to Ottawa; to Aug 30

## COPENHAGEN

**Louisiana Museum of Modern Art, Humlebæk**  
Tel: 45-4919 0719  
www.louisiana.dk  
Louisiana at 40: The Collection Today. Anniversary exhibition of the permanent collection, designed to showcase 40 years of work. Originally based on Danish Modernism, the museum has since developed around various centres of gravity, to encompass a range of post-war styles. Highlights include works by Giacometti; to Aug 30

## DUBLIN

**Irish Museum of Modern Art**  
Tel: 353-1-672 9900  
William Scott: Paintings and Drawings. 90 works drawn from public and private collections, tracing the artist's practice from early figurative paintings through an abstract period to his return to figurative in the late 1970s and 1980s; to Nov 1

## EDINBURGH

**DANCE**  
Edinburgh International Festival  
Tel: 44-131-473 2000  
www.go-edinburgh.co.uk  
● **Dutch National Ballet: Adagio Hammarikdavier, Sarcastic, Twilight and Live - by Hans van Manen;** Edinburgh Festival Theatre; Aug 29, 30  
● **Nederlands Dans Theater II & III: Couple, The Old Man and Me, Solo and Grosse Fugue,** plus the world premiere of a new work by van Manen, given by the senior company; Edinburgh Playhouse; Aug 29, 30

**EXHIBITION**  
Scottish National Gallery of Modern Art  
Tel: 44-131-624 6200  
Mona Hatoum: 48 works ranging from photographs and videos to sculptures made from materials including hair, wax, soap, steel, rubber, pins and razor blades; to Oct 25

**OPERA**  
Edinburgh International Festival  
Tel: 44-131-473 2000  
www.go-edinburgh.co.uk



'Beggars Fighting', c. 1612, an etching by Jacques Bellange on display at an exhibition at the Rijksmuseum, Amsterdam

**Delbor: by Smetana.** New Scottish Opera production by David Pountney. With sets by Ralph Kotal and costumes by Sue Williamson. The conductor is Richard Armstrong; Edinburgh Festival Theatre; Sep 3, 5

## THEATRE

**Edinburgh International Festival**  
Tel: 44-131-473 2000  
www.go-edinburgh.co.uk  
● **Life is a Dream:** by Calderón, in a translation by John Clifford. Royal Lyceum Theatre Company production directed and designed by Calisto Tanzi; Royal Lyceum Theatre; Aug 29  
● **More Satey Mansions:** by Eugene O'Neill. Adapted by Karl Ragner. Glorw from O'Neill's unfinished manuscript. Ivo van Hove directs the New York Theatre Workshop; Royal Lyceum Theatre; Aug 31; Sep 1, 2, 3, Sep 4, 5

## FORT WORTH

**EXHIBITION**  
Kneibell Art Museum  
Tel: 1-817-3328451  
www.kneibellart.org  
Modernism - The Art of Design 1880-1940: widening display of works from the Northwest collection. Examples of modernist design range from the British Arts and Crafts movement and Art Nouveau of the late 19th century through Bauhaus and Art Deco to the 1920s and 1930s; to Sep 13

## GLASGOW

**EXHIBITION**  
Art Gallery and Museum, Kelvingrove  
Tel: 44-141-287 2000  
Scrolls from the Dead Sea: discovered in caves above the Dead Sea between 1947 and 1956, these manuscripts have been the subject of intense controversy ever since. They are the oldest known biblical manuscripts of the Christian and Jewish religions, and have attracted record attendances when shown in the US; to Aug 30

## KRAKOW

**EXHIBITION**  
Pia Szczypanek  
Tel: 48-12-422 6816  
Ecole de Paris - Jewish Painters from Poland: pictures from Wojciech Fibak's collection, produced by painters working in Paris in the first half of this century; to Aug 30

## LISBON

**FESTIVAL**  
Expo '98, May 22-Sep 30  
Dive into the Future: this performing arts festival comes under the Expo umbrella and includes the premiere of a new work by Alan Platel; to Aug 31

## LONDON

**CONCERTS**  
BBC Proms, Royal Albert Hall  
Tel: 44-1703-589 8212  
● **BBC Symphony Orchestra and Chorus:** conducted by Andrew Davis in Elgar's The Apostles. With soloists including soprano Felicity Lott, baritone Anthony Michaels-Moore and bass John Tomlinson; Aug 30  
● **Chicago Symphony Orchestra:** conducted by Daniel Barenboim in the European premiere of Harrison Birtwistle's Expy. The programme is completed by Mahler's Symphony No. 5; Sep 3  
● **Los Angeles Philharmonic:** conducted by Esa-Pekka Salonen in the world premiere of his own L.A.

**Variations.** Programme also includes works by Copland and Stravinsky; Aug 31

## EXHIBITIONS

**British Museum**  
Tel: 44-171-636 1555  
● **Major display of more than 500 objects relating to the Maori people of New Zealand,** including material collected by Captain Cook on his voyages between 1769 and 1780. Ranges from giant wood carvings to canoes, tools and woven cloaks and ornaments; to Nov 1  
● **Persian and Indian Manuscripts and Paintings:** the Royal Asiatic Society is celebrating its 175th anniversary with an exhibition of objects rarely seen by the public. The highlight is the Book of Kings made for Muhammad Juk, one of the great Persian manuscripts of the 15th century; to Sep 13

## Hayward Gallery

Tel: 44-171-261 0127  
www.hayward-gallery.org.uk  
Bruce Nauman: spanning the career of the American artist, b.1941, this exhibition focuses on his relationship with language, and includes sound and video installations as well as neon pieces like One hundred live and die (1984). The exhibition has been seen in Paris and will travel to Helsinki; to Sep 6

## Royal Academy of Arts

Tel: 44-171-300 8000  
Chagall: Love and the Stage. A series of monumental mural paintings created in 1920 for the State Yiddish Chamber Theatre in Moscow will form the centrepiece of this exhibition. Painted during a politically and personally turbulent period, the recently restored paintings, never before seen by the British public, will be shown alongside preparatory drawings and sketches; to Oct 4

## Tate Gallery

Tel: 44-171-887 8000  
Patrick Heron: b. 1920, Heron is one of the leading figures of 20th century British art. He led the development of abstract art in Britain with his stripe paintings produced in the 1950s. This display includes around 80 paintings, from the 1930s to the present, and is curated by David Sylvester in consultation with the artist; to Sep 6

## OPERA

**BBC Proms, Royal Albert Hall**  
Tel: 44-171-589 8212  
Simon Boccanegra: by Verdi. Semi-staged, Glyndebourne Festival Opera production conducted by Mark Elder with the London Philharmonic Orchestra and soprano Elena Prokhnina; Aug 29

## LUCERNE

**CONCERTS**  
International Festival of Music  
Tel: 41-41-228 4400  
www.lucernefestival.ch  
● **Bayreuth Festival Orchestra and Chorus:** conducted by James Levine in a concert performance of Acts 2 and 3 of Die Gotterdammerung; Aug 30  
● **Bayreuth Festival Orchestra and Chorus:** conducted by Daniel Barenboim in a concert performance of Act 3 of Die Meistersinger von Nürnberg; Aug 31  
● **Saint François d'Assise:** by Messiaen. Concert performance of the Salzburg Festival production, with the Halle Orchestra and Arnold Schoenberg Choir conducted by Kent Nagano. The staging is by Erwin Ormer and the cast includes José van Dam and Dawn Upshaw; Sep 1

● **St. Petersburg Philharmonic Orchestra:** conducted by Yuri Temirkanov in works by Shostakovich and Tchaikovsky. With cello soloist Antonio Meneses; Aug 29

## MADRID

**EXHIBITIONS**  
Fundació 'la Caixa'  
Tel: 34-1-435 4833  
Lucio Fontana: (1899-1968). Retrospective of the Italian pioneer of conceptual and multimedia art, which emphasises the contrasts within his work; to Sep 13

## Museo Nacional Centro de Arte Reina Sofia

Tel: 34-1-467 5062  
Federico Garcia Lorca (1898-1936): centenary celebration of the Spanish poet. Includes biographical material and examples of the different forms in which Lorca worked - including theatre, music and the visual arts - with friends and collaborators including Falla, Dalí and Bunuel; to Sep 21

## MANCHESTER

**CONCERT**  
Bridgewater Hall  
Tel: 44-161-907 9000  
Los Angeles Philharmonic: conducted by Esa-Pekka Salonen in works by Copland, Sibelius and Stravinsky; Aug 29

## MUNICH

**EXHIBITION**  
Haus der Kunst  
Tel: 49-89-211270  
Expressionists: the Buchheim Collection. Wide-ranging display of works assembled by the painter and novelist Lothar-Günther Buchheim over the past 50 years. Includes works by Kirchner, Schmidt-Rottluff, Corinth, Beckmann and Kokoschka; to Oct 18

## NEW YORK

**EXHIBITIONS**  
Guggenheim Museum  
Tel: 1-212-423 3500  
www.guggenheim.org  
● **Peggy Guggenheim: A Centennial Celebration.** To mark the 100th anniversary of Peggy Guggenheim's birth, the museum has organised a display of paintings and sculptures from her collection, one of the most impressive of all 20th century art collections; to Sep 2  
● **Vilhelm Hammershøi (1864-1916):** Danish Painter of Solitude and Light. Retrospective seen in Copenhagen and Paris last year, comprising 60 works by this relatively unknown contemporary of Munich. Includes portraits and landscapes as well as interiors, many of which depict the rooms of his Copenhagen home; to Sep 7

## Metropolitan Museum of Art

Tel: 1-212-879 5500  
www.metmuseum.org  
● **Louis Cornford Tiffany:** celebrating the 150th anniversary of the artist's birth, this exhibition, drawn from the museum's collection, includes leaded-glass windows and lamps, vases, furniture, enamels and jewellery; to Jan 2  
● **St. Edward Burne-Jones:** first American exhibition devoted to the 19th-century British artist, comprising more than 200 works, including tapestries and jewellery as well as paintings; to Sep 6  
● **The Resonant Image: Uses of Tradition in Japanese Art.** Includes paintings, prints, ceramics, lacquers and textiles, from the collection and

with loans from American museums; to Sep 27

## Museum of Modern Art

Tel: 1-212-708 9480  
www.moma.org  
● **Aleksander Rodchenko (1891-1956):** first major US retrospective of the most important Russian artist of the period following the 1917 revolution. A founder and leading theorist of Constructivism, Rodchenko abandoned the traditional mediums of painting and sculpture in favour of experimental forms, photocollage and graphic design; to Oct 6  
● **Bonnard (1867-1947):** transferring from London's Tate Gallery, this major retrospective, focusing on works produced between the 1890s and 1940s, presents the artist as a major modern painter; to Oct 1

## Pierpont Morgan Library

Tel: 1-212-685 0008  
a.k.a. Lewis Carroll: display of memorabilia marking the centenary of the death of Charles L. Dodgson (1832-1898), mathematician, photographer, and author of Alice in Wonderland; to Aug 30

## PARIS

**EXHIBITIONS**  
Jeu de Paume  
Tel: 33-1-4703 1250  
In defence of painting: 'Je ne pense pas, je cède mes tableaux', wrote Kurt Schwitters. This century has seen many artists forsake their brushes in favour of a variety of other implements. Burri, Fontana and Arman are some of the artists represented in this exhibition, which proposes to explore this dimension of painting; to Aug 30

## Musée d'Art Moderne de la Ville de Paris

Tel: 33-1-5367 4000  
La Collection du Centre Georges Pompidou: 200 works from the Musée national d'art moderne will be displayed here in three sections during the period of the Centre's renovation. The exhibition will consider the contribution of artists such as Matisse, Picasso and Kandinsky to the great art movements of this century; to Sep 13

## Musée du Louvre

Tel: 33-1-4020 5151  
www.louvre.fr  
Astronomy and Astrology in the Islamic World: display of instruments developed by Arab astronomers between the 8th and 15th centuries, shown alongside a selection of everyday and religious objects decorated with astrological designs; to Sep 21

## PORTO ALEGRE

**EXHIBITION**  
Various venues  
Mercosur Biennial of Visual Arts: retrospective of Latin American art comprising works by 200 artists from seven countries: Brazil, Uruguay, Argentina, Paraguay, Bolivia, Chile and Venezuela. Held in 11 locations around the city, the works are grouped under three headings: Constructive, Political and Cartographic; to Nov 30

## ROME

**EXHIBITION**  
Borghese Gallery  
Bernini, the Sculptor: The Beginning of Baroque Art in the Borghese Family. Brings together pieces belonging to the Villa with loans from abroad, including the famous Hamphredite from the Louvre. Includes self-portraits and early pieces, as well as paintings by Lanfranco. The show aims to shed light on the origins of Cardinal Borghese's collection; to Sep 20

## ROTTERDAM

**EXHIBITION**  
Kunsthal  
Tel: 31-10-440 0300  
Streetwise: 10 years of party, dance and house culture. Multimedia presentation designed to present an overview of this youth culture, originated in Chicago in the 1980s. Includes furniture, clothes, flyers, photocopies and sound effects; to Sep 20

## SALZBURG

**OPERA**  
Salzburg Festival  
Tel: 43-662-844501  
● **Don Carlo:** by Verdi. New staging by Herbert Wernicke, with the Vienna Philharmonic and Opera conducted by Lorin Maazel. Cast includes Samuel Ramey, Grossas Festspielhaus; Aug 30  
● **La Nozze di Figaro:** by Mozart. Conducted by Sir Charles Mackerras in a revival of Luc Bondy's staging, directed by Joël Lauwers. With the Vienna Philharmonic and Opera. Cast includes Dwayne Croft and Barbara Fritoli; Kneibell Festspielhaus; Aug 29  
● **Saint François d'Assise:** by Messiaen. Conducted by Kent Nagano in a staging by Peter Sellars. With the Halle Orchestra and Schoenberg Choir, and a cast including José van Dam and Dawn Upshaw; Felsenreitschule; Aug 30

**THEATRE**  
Salzburg Festival  
Tel: 43-662-844501  
● **Geometry of Miracles:** by Robert Lepage. Performance based on the life and work of the architect Frank Lloyd Wright. Co-production with Ex Machina, Quebec, and Expo 1998, Lisbon; Perner Inset; Aug 29  
● **Troilus and Cressida:** by Shakespeare. New co-production with Theater Basel, directed by Stefan Bachmann; Lehrbühne; Aug 29, 30

## SAN FRANCISCO

**EXHIBITION**  
San Francisco Museum of Modern Art  
www.sfmoma.org  
Alexander Calder (1898-1976): around 250 works, among them some of the best examples of Calder's formally

innovative sculpture. Alongside the mobiles and stabiles are selected paintings, drawings and jewellery, the intention being to present the breadth of the artist's career on the occasion of the centenary of his birth; from Sep 4 to Dec 1

## SANTA FE

**OPERA**  
Santa Fe Opera  
Tel: 1-505-986 5900  
www.santafepopera.org  
Madama Butterfly: by Puccini. John Crosby conducts a production directed by John Copley; Aug 29

## SCHLESWIG-HOLSTEIN

**CONCERT**  
Schleswig-Holstein Music Festival  
Tel: 49-431-587 080  
NDR-Sinfonieorchester: conducted by Christoph Eschenbach in Mahler's Symphony No. 2. With the NDR-Chor and Chor des Bayerischen Rundfunks; Lübeck, Musik- und Kongresshalle; Aug 29, 30

## SEATTLE

**EXHIBITION**  
Seattle Art Museum  
Thomas Moran (1837-1926): first retrospective devoted to the American landscape painter. Featuring 100 oils and watercolours including a selection of the famous Yellowstone pictures, painted on a survey expedition in 1871, which influenced Congress's decision to create their first National Park. The exhibition has been seen in Washington and Tulsa; to Aug 30

## TOKYO

**CONCERTS**  
Suntory Hall  
Tel: 81-3-3584 9999  
● **Japan Philharmonic Symphony Orchestra:** conducted by Kan-ichiro Kobayashi in works by Dvorák, Handel and Ravel; Aug 30  
● **New Japan Philharmonic:** conducted by Kazuhiko Komatsu in a programme of new works by composers including Góndai; Aug 29  
● **Orchestra Filarmonica della Scala:** conducted by Riccardo Muti in works by Schumann and Tchaikovsky; Sep 2  
● **Yomiuri Nippon Symphony Orchestra:** conducted by Yutaka Sado in works by Verdi, Chopin and Saint-Saëns; Aug 31

## EXHIBITIONS

**Metropolitan Art Museum**  
Tel: 81-3-3823 6821  
The Carmen Thyssen-Bornemisza Collection: touring show of 94 paintings, ranging from the 18th century to the early 20th. Highlights include 19th century Spanish works and works by American painters. Also on display are recently acquired works by Delaunay and Braque; to Oct 4

## Museum of Contemporary Art

Tel: 81-3-5245 4111  
At the End of the Century: One Hundred Years of Architecture. Touring exhibition reflecting on a century of dramatic change, from early 20th century colonial architecture through modernism and the Bauhaus to the rise of theory and skyscrapers. The installation is designed by Frank O Gehry; to Sep 6

## TORONTO

**EXHIBITIONS**  
Art Gallery of Ontario  
Tel: 1-416-979 6656  
● **The Courtauld Collection:** 81 works on loan from London by artists including Manet, Degas, Monet, Renoir and Cézanne. Highlights include Manet's Le déjeuner sur l'herbe; to Sep 20  
● **Victorian Fairy Painting:** exploring the fascination with fairies and the supernatural which took hold of artists and writers in Britain from the early 19th century to the outbreak of the First World War. Artists represented include Turner, Landseer, and Richard Dadd, who ended his life in Bedlam after murdering his father; to Sep 13  
● **Royal Ontario Museum**  
Tel: 1-416-596 8000  
● **A Grand Design: The Art of the Victoria and Albert Museum.** North American tour of selected objects from the V&A's collection. Consists of 250 works of art ranging from Leonardo da Vinci's notebooks to shoes by Vivienne Westwood, presented in sections which address changes in the institution's collecting policy. The exhibition transfers to Texas in October; to Sep 13

## VERONA

**OPERA**  
Arena di Verona  
Tel: 39-045-800 5151  
www.arena.it  
Un Ballo in Maschera: by Verdi. New production by Giuliano Montaldo with sets by Luciano Ricci. Conducted by Daniel Oren; Aug 29

## WASHINGTON

**EXHIBITIONS**  
National Gallery of Art  
Tel: 1-202-737 4215  
www.nga.gov  
● **Artists and the Avant-Garde Theater in Paris:** exhibition exploring the dynamic relationship between the visual and performing arts which developed in Paris in the 1880s and 1890s, when theatres like the Théâtre de l'Oeuvre produced new plays by French and foreign writers (Ibsen, Wilde), and original prints were commissioned to decorate theatre programmes; to Sep 7  
● **Manet, Monet, and the Gare Saint-Lazare:** places Manet's famous painting in a context provided by works by other artists and a group of related drawings, prints and photographs; to Sep 20

Arts Guide by Susanna Rustin  
e-mail: susanna\_rustin@comcast.net  
Additional listings supplied by ArtBase  
Tel: 31-20-664 6441  
e-mail: artbase@pln.net



# Weekend Investor

Wall Street

## Discordant tune reaches its climax

John Authers finds the growing crisis in Russia finally hitting home

Trinity Church, the 19th century building dwarfed at the end of the canyon of Wall Street, has been holding a series of lunchtime concerts all summer long. It is called *Russian Rhythms*.

Thursday's concert, in which a group called Cantori Di New York sang a collection of Russian folk songs, was particularly well attended. As the hour-long concert continued, more and more Wall Street executives crammed into the church.

They must have been glad to be reminded of a simple and pastoral Russia, a refreshing change from the realities of the modern country that had just started to make themselves felt in Wall Street.

Russian rhythms had been coursing through the financial district for several weeks, as that country's fiscal crisis deepened. They finally reached a discordant climax on Thursday. By lunchtime that day, the Dow Jones Industrial Average had already surrendered 380 points, its worst fall of the year, and its third worst ever. In the process, the Dow had given up more than six months' gains.

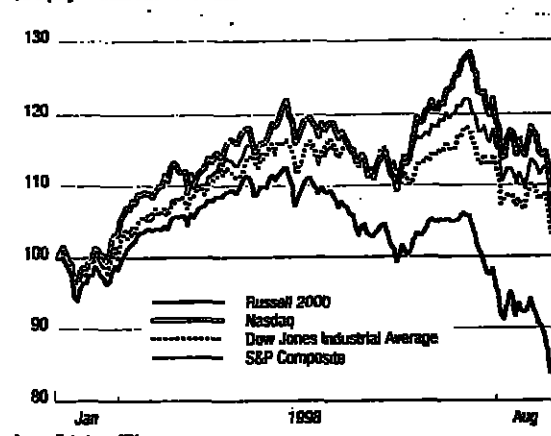
By the end of yesterday, the Dow had surrendered 357.89 points to stand at 8165.99, its lowest level since the first week of February. In percentage terms, it was the second worst daily fall of the 1990s, after October 27 last year when the market was forced to close early.

Volume, with almost a billion shares changing hands, was the greatest of the year, and the second greatest ever, with a huge weight of selling pushing prices downwards.

Having rallied for much of this year in what was effectively a bet that the south-east Asian financial crisis would be a temporary affair, the market could not ignore Russia.

Every other benchmark had been indicating a similar cause for alarm for a while. The Russell 2000 index of smaller stocks diverged from the blue-chip companies in the Dow in April, when it peaked at 491. Yesterday it stood at about 351. The Nasdaq Composite, led by the fast growing and increasingly export driven high technology companies, has already slipped about 20

Moscow could not be ignored  
US equity markets indices rebounded



per cent from its high. Having beaten the 2000 barrier to much fanfare in early summer, yesterday it was trading at 1.640.

The sector leading the sell-off of larger companies this week was banks. The Philadelphia Stock Exchange bank index is down more than 25 per cent from a peak set last month. International banks have fared worst, even though few have particularly serious direct exposures to Russia. Republic National Bank of New York, which had the heaviest proportionate exposures, helped to trigger Thursday's selling by announcing that its Russian losses would effectively wipe out all of its profits for the third quarter, but the greater issue is "contagion".

When international markets are in turmoil, the large banks which service them can take very severe hits - as was seen at the height of the Asian crisis late last year, when Chase Manhattan suffered a huge trading loss, thanks to Latin American securities.

The importance of the contagion effect can be seen in the horrific judgment the market has made on BankBoston, which has the largest proportionate exposure to Latin America of any US bank, but little or no exposure to Russia. From a peak of almost \$50 (£36), it is now trading at less than \$37.

Until this week however, banks had been declining, primarily because of domestic factors. Wall Street investors are now taking the possibility of a US recession

very seriously, and it makes sense to sell bank stocks in such a situation. The continuing boom in treasury bonds, which have yielded less than 5.4 per cent at some points this week, is another signal of extreme economic pessimism.

Few pundits were prepared to make public comments yesterday. Instead, attention is now turning to two familiar figures. Firstly, Alan Greenspan, chairman of the Federal Reserve. There is a growing theory that he will cut interest rates the next time the Fed's open markets committee meets, purely on the ground of defending the US economy. A cut would also relieve pressure on other currencies.

Secondly, there is the domestic investor. Retail investors are now being subjected to the greatest test of resolve in a decade. Any solid evidence that they are buying would do wonders for confidence on Wall Street.

Meanwhile, the *Russian Rhythms* season has a week to go. Some more modern Russian music might be appropriate for the next concert. Bankers might find particular resonance in Stravinsky's *Rite of Spring*, for example, in which, amid a frenzy of discordant notes, a sacrificial Russian virgin dances herself to death.

**Dow Jones Ind Average**  
Monday 8568.51 + 32.36  
Tuesday 8602.65 + 36.04  
Wednesday 8523.35 - 79.30  
Thursday 8165.99 - 357.36  
Friday

## Black hole in Red Square

Philip Coggan on the final straw for investors

John Le Carré would not have dared to make it. Russia seems to be doing more damage to the capitalist system by taking part in it than it ever did through years of communist rhetoric and KGB subterfuge.

Perhaps it has all been a cunning plan by Karla, Le Carré's fictional spy chief. "I know, comrade. Let's pretend to be capitalist for a few years, persuade the west to lend us lots of money and then refuse to pay it back. Then we can go back to being communist again."

If George Smiley is still in charge of counter-espionage against Karla's plot, then he is not making a very good job of it. World stock markets, including the FTSE 100 index, took a pasting this week.

The Footsie dropped 108 points on Wednesday, 176 on Thursday and at its worst on Friday was nearly 280 points, adrift and more than 1,000

points below its all-time high, recorded a few weeks ago. It recovered to end 119 points down at 5,344.4. The Dow Jones Industrial Average fell 357 points on Thursday and the Nikkei 225 average fell to a 12-year low yesterday.

Russia may not be that significant in terms of world trade, and British banks may not be particularly exposed to its debt. But this matters little at a time when all world markets are under the cosh.

Share prices depend a lot on confidence, and investors already had a load of worries on their mind before the Russian crisis broke; the continuing slowdown in Asia, the potential for the Chinese and Hong Kong authorities to devalue in the face of the weak yen, and a slowdown in corporate earnings growth in the US and the UK.

Russia's effective default and devaluation were thus

the last straw, particularly during August, when trading volumes are normally low and only modest amounts of selling will have a big effect on share prices.

There were some sound reasons for concern. Some banks and hedge funds face heavy losses on their holdings in Russian debt; even George Soros ("the world's greatest investor" according to *Time* magazine) lost \$2bn (£1.2bn) on the deal.

But this week's stock market falls, while big in points terms, are nothing like as significant in percentage terms as the market turmoil in 1987, when the Footsie fell 10.8 per cent and 12.2 per cent on successive days. Thursday's fall was only the ninth biggest percentage drop since the index was set up in 1964.

Nevertheless, when prices are falling as fast as they have been, there is little that the private investor can sensibly do. If you have



Russian spies would have loved to have damaged capitalism. Khol

invested for the long term, then trying to jump in and out of the market will only achieve the effect of increasing your trading costs and reducing your long-term returns.

If you are looking to buy at the bottom, then you have to be sure the market has actually found it. The price-earnings ratio on the UK stock market is still over 20 and the dividend yield (even the somewhat-fictional gross figure) is only a bit over 3 per cent. Both figures are nearer the expensive than the cheap end of the historical range.

A more hopeful sign can be found by looking at the bond market. The stampede out of shares has prompted investors to switch into the safety of government bonds, and the 10-year gilt yield has dropped to 5.33 per cent. Even if one uses the net, rather than the gross, dividend yield, the bond-equity yield ratio is below 2, traditionally seen as a level at which shares are attractive.

The problem, as this column has mentioned before, is that at a time of low inflation and slowish growth, it is arguable that bonds should be re-rated relative to shares and the yield ratio between the two should be lower. After all, prior to 1989 - a low inflation era - shares actually yielded more than bonds.

Bonds had to yield so much in the 1970s and 1980s because of inflation, which ate into the real value of their capital. Equities were more of an inflation hedge.

But in a world of low infla-

tion, bonds will offer a solid and secure return. Equities may find life more difficult; revenue growth will be harder to achieve and competition will be intense. Shares will become more risky.

This line of argument is controversial, however. Many people would say that in a world of low inflation, economies should avoid the boom and bust cycle which has bedevilled the UK in the past. Thus corporate profits should be more stable - "better quality" in the jargon - and equities should be awarded a higher, not lower, rating than in the past.

Certainly the latter argument has been one of the reasons share prices have enjoyed such a good run in recent years, not just in the UK of course, but in the US and Europe.

And there are still reasons not to despair. Bob Semple, UK strategist at BT Alex Brown, says "the key question is whether recession will be avoided in Europe and the UK. We think it will and there is value in the UK market at the moment. The trouble is that sentiment in the UK market is awful."

Semple thinks there will be more turbulence in the market but believes "investors prepared to back the long-term view should be buying into any weakness". But it will be a brave private investor who follows his advice until the markets settle down.

philip.coggan@FT.com

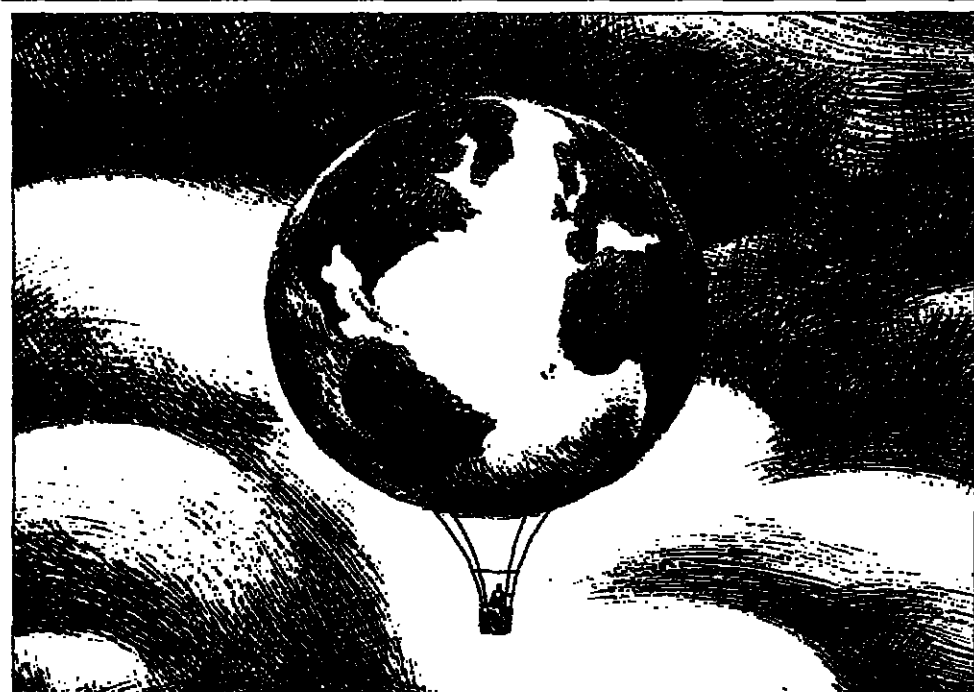
### Footsie's worst ever drop

Biggest points falls

Date	Points	%
Oct 20 87	-239.7	-4.8
Oct 19 87	-239.6	-4.8
Aug 21 88	-178.0	-3.4
Aug 27 88	-157.0	-3.0
Oct 28 88	-154.8	-3.0
Aug 10 89	-148.1	-2.8
Oct 19 89	-133.1	-2.5
Jul 22 89	-131.2	-2.5
Apr 27 88	-113.2	-2.2
Jul 11 88	-104.9	-2.1
Oct 27 87	-129.5	-2.7

### Highlights of the week

Index	Value	Change	%	Notes
FTSE 100 index	5344.4	-280.7	-5.1	Global market correction
Assoc Brit Foods	515	-45	-8.1	Deflationary pressure
British Airways	245	-45	-18.4	West of Scotland discovery
Calm Energy	110	-53	-48.2	Reserve dropped
EMI	418	-84	-20.1	Discontinued offer for Polygram film arm
Enterprise Oil	177	-31	-17.5	Capital spend of figures
Flying Powers	130	-50	-38.5	Profit warning
National Power	405	-52	-12.8	European deregulation
RAC	796	-36	-4.5	Driver's License Report upgrade
Reckitt & Colman	980	-52	-5.3	Exceptional charge with figures
Sedgwick Group	211	-48	-22.8	Hit by World & McLennan
Stake	210	-16	-7.1	Strong pound
Templeton Euro Mkt	614	-154	-25.1	Reserve crisis
Tesco	188	-10	-5.3	Market Lynch positive
Vodafone	833	-57	-6.7	Post-announcement profit-taking



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Richard Lambert

## No way out for America

Yet Main Street's mood is surprisingly sanguine



The collapse of the Russian economy is wonderful news for US homeowners. It has helped to drive bank money from around the world into US government bonds, pushing down yields - and presenting a great opportunity for refinancing your mortgage.

That idea, presented with a straight face by one of America's TV pundits last week, is an extreme example of a view still held by many Americans today. Outside the US and western Europe, economies just about everywhere are in big trouble - and yet the mood on Main Street remains surprisingly sanguine.

For most people, the Asian shock is still seen as a reasonably painless event which has taken the inflationary threat out of an overheating US economy.

That is not a ridiculous view - or at least it was not a few months ago, when it seemed reasonable to hope that the Asian crisis might blow itself out in rather short order. The western economies account for about three-fifths of global economic output, which means that what really matters for them is healthy internal demand. The exposure of US businesses and banks to the problems of East Asia and Russia is quite modest, and so long as the home market remains buoyant, there is not much reason to worry.

But there are two things wrong with this sunny viewpoint. The first is that the economic downturn in East Asia

is proving far more painful than anyone envisaged. It is now jumping continents, into Russia and South America. The efforts made by the International Monetary Fund to stem the panic are being blown aside, and there is nothing yet in view to replace them.

The second concern is to do with history. Most international crises of this magnitude have a habit of crossing borders: long

sleeping their way around the world on a frequent if irregular basis right the way up to the present time.

It is true that there have been some exceptions to this pattern of international contagion - and they may be instructive. The 1987 stock market crash in the US and Europe did not trouble Tokyo, and the Japanese collapse a few years later had little impact on New York.

### The US has rarely escaped unscathed from a big financial drama elsewhere in the world

before anyone thought of the internet or the telephone, geography was no barrier. Whether you look at the currency debasements of the early 17th century, the bubbles in France and England 100 years later, or the crash of 1929, the story is almost always the same. On very few occasions in the past couple of hundred years has the US escaped unscathed from a really big financial drama elsewhere in the world.

In 1818 and 1819, there were panics on both sides of the Atlantic, and again in 1837. The US was not too troubled by the dramas of 1847 - it was not affected by the turmoil in European agriculture - but a banking crisis which started in New York in the late summer of 1857 had swept through London and Vienna and into South America and the Far East by the end of the year. And so the story goes on, with booms and busts

Charles Kindleberger, the great authority on the history of financial crises, has suggested the explanation may be that "the psychological and cultural ties across the Atlantic are tighter than those across the Pacific".

Perhaps. But there are at least three ways in which Asia's troubles could work their way westwards across the Pacific.

One is through trade. The US starts off with a sizeable trade deficit, which seems bound to rise in a spectacular fashion in the coming months. There will be loud howls of pain from the most affected sectors - manufacturers of steel and computer equipment are already gearing themselves up for battle - and import competition will make a mark on profit margins across a broad swathe of industry. There could be a severe protectionist backlash in the run-up to the presidential election in 2000.

Another route into the US economy is through the stock market. There is no doubt that Wall Street has helped fuel the strength of the economy in recent years. Rising share prices and cascading paper wealth have encouraged companies to expand and individuals to spend. Baby boomers have been able to save less and grow more wealthy at the same time, thanks to this glorious wealth creating machine.

But it is now looking much less robust. Indeed, you can argue that outside the largest companies, a bear market has already taken hold. The S&P 500 Index is only about a tenth below its recent high point. A recent study by brokers Donaldson Lufkin and Jenrette, however, showed very different figures. Taking an unweighted sample of 6,825 companies traded on the New York Stock Exchange or the NASDAQ system, the average stock was 35 per cent down from its 52-week high.

This means that the animal spirits of lots of US investors have already been quenched. And that leads on to the third threat to US prosperity, which is psychological. You can't for too long sustain the idea that what is bad news for the rest of the world is good news for America. If your share portfolio is showing losses; if your employer is looking to cut costs; if the world outside is becoming increasingly unstable - you start to feel a little bit edgy yourself. And that, if history is any guide, is when to watch out for trouble.

For an interactive guide to personal finance, visit <http://www.FTQuicken.co.uk>







## FT WEEKEND

True Fiction

## Parenting parrot-fashion

Being raised by Port Lincolns has put many a feather in Michael Thompson-Noel's cap

**Y**ou have heard of wolf children: children raised by wolves. Well, the story of my upbringing is even more remarkable, for I was raised by a flock - they prefer the word mob - of Port Lincoln parrots, which are natives of Australia.

I fell into the company of this mob as a result of running away from school, and spent four supremely happy years - from the age of 12½ to 16½ - in their company, roaming the wilds of Kent. In a tremendously palpable sense, those Port Lincoln parrots made me what I am: an attractive human being, if just a little weird.

For example, I never, ever argue. The reason for this is that Port Lincoln parrots are among the most argumentatively vociferous parrots on earth. Before I was 12½, I argued all the time, but from 12½ to 16½, while in the company of those birds, I lost the will to argue.

Instead, I became a top-notch diplomat. The defining charac-

teristic of a mob of Port Lincoln parrots is that half of the mob is always arguing with the other half. The noise can be incredible. The mob is always on the brink of implosion, so I learnt to be a peace-maker: to negotiate with half the mob on behalf of the other half, and vice versa. This was difficult, because mob members were always changing sides. In a mob of Port Lincoln parrots, everything is fluid, everything is flux. But I learnt to cope.

The story of my upbringing by a mob of Port Lincoln parrots will soon be made into a film. The contract has been signed and a stand-in mob of parrots has been assembled from zoos. The only reason shooting has

not started is that the casting director still hasn't found a boy actor with huge green eyes, long golden hair and the requisite charisma to play yours truly, but she is pursuing several leads and they could be shooting by Christmas.

In the meantime, the studio is encouraging me to tell my story in a bid to steal the thunder of all those films being made about people who were raised by wolves.

One of them, Misha Dufresne, who was adopted by a she-wolf when she was seven, told an interviewer recently: "There is something of the wild in me still. I have the social graces, but I don't trust humans like I trust animals. They're less

likely to stab you in the back."

My sentiments entirely.

I met my mob of Port Lincoln parrots after leaping from the train that was taking me to boarding school for the start of the summer term. I hated that school, so - in the wilds of mid-Kent - I threw open the train door and flung myself out. In falling, I struck my head on a rock. When I came to, it was dark. The forest was deathly still, but I realised I had company. I was being scrutinised by 47 pairs of dark, glittering eyes belonging to a mob of shimmeringly beautiful green, blue and yellow Port Lincoln parrots whose ancestors had escaped from an aristocrat's menagerie 70 years earlier. Every mob

member spoke perfect English.

Port Lincoln parrots are tough and intelligent. They were intrigued that I was running away from home and school, and said that I could join them so long as I did nothing to endanger their safety - a demand I readily accepted.

We moved about the countryside at dawn and at dusk, and were careful to avoid humans whenever we could. The parrots were not prepared to let my education go entirely to rot, so we broke into libraries in order that I could read books on zoology, anthropology, astronomy, cosmology and the history of confectionery.

The parrots were especially keen that I should learn how

badly the primates treated all other creatures, and were in the habit, when I was surly or recalcitrant, of referring to me, sotto voce, as "Michael the monkey", or "primate trash". Generally, however, they loved me to bits.

Port Lincoln parrots eat seeds and insects, but the mob was determined I would grow up strong, so we broke into restaurants, usually Italian ones, several times a week. By the time I was 14, I could cook *Cosentino di agnello, frate* (lamb chops fried in Parmesan cheese butter) with aplomb.

As well as act as peace-maker, I helped guard the mob's eggs and hatchlings and took individual parrots to the vet whenever illness struck. I also founded a

unique Port Lincoln parrot cemetery deep in the heart of Kent in which mob members who were felled by winter snows, food poisoning or farmers' guns were interred in moving ceremonies.

It is thanks to the mob that I became what I became: peace-loving, ultra-tolerant, shy, diffident, modest, generous, caring, sharing, droll, cool and ironic. Those are not qualities found in abundance today. Whenever we look we see stupidity, duplicity, hypocrisy and violence. We see people telling lies, and firing Cruise missiles. I can only be grateful that I was raised differently.

The mob still keeps an eye on me. The other evening I was strolling in west London with my friend, the curvaceous, ash-blond Rebecca Salgado Lovecup, when the air above my head was suddenly filled by an excited mob of Port Lincoln parrots, whizzing round in circles. They escorted us to my door and then zoomed off. The racket was dreadful.

Busk on London's Underground and you can end up facing the music, finds Lesley Downer

**T**he police came for Moog the other day. He was woken at 8am by two policemen and a warrant officer with a non-bail warrant. In other words he was liable to be locked up immediately. His offence was non-payment of fines.

In fact, Moog had paid his fines and had a letter to prove it. "John", who plays double bass in one of London's busiest Underground stations, was less lucky. The police took him straight to court from his regular pitch. The judge, a flamboyant character with bushy eyebrows and a bandana flowing out of his breast pocket, "wouldn't let me speak till after he'd sentenced me".

John spent the next two weeks in a cell with an Irish "pikey" (gypsy) who had killed his cousin with a machete. He remembers lying on his bunk trembling with fear when the "screws" came to beat the pikey up - "and this was just for busking".

Run-ins with the police are part of the warp and woof of life for buskers. Busking is a civil offence, Moog explains; it contravenes bylaw 22, section C subsection 2, of London Transport regulations. This states that "playing a musical instrument for reward or pleasure on the Underground is an offence". The punishment is a fine, usually £50. Non-payment of the fine, however, is contempt of court and therefore a criminal offence and far more serious.

Buskers are the direct descendants of the wandering minstrels or the freelance troubadours who entertained medieval travellers. In France, where busking is more socially acceptable, buskers perform on the streets and entertain diners in cafés (terrace busking). But in London, the buskers' natural habitat is the labyrinthine tunnels of the Underground.

Moog, John and his friends are part of the troglodyte community which exists in this parallel universe underneath London. It's an off-the-wall mini-society with its own rules and pecking order. At the bottom of the pile come beggars and the homeless, whom the buskers dismiss as largely mentally unstable. "We don't know them," they shrug.

Then there are the itinerants who pass through and take the fly pitches, secondary locations where station staff let buskers play but which are noisy or have an irregular traffic of passers-by. At the top of the hierarchy are the regular buskers. "You might



Metropolis

## Tunes down the Tube

call it executive begging," grins Moog.

People such as Frankie, who has a degree in philosophy from London University, is chairman of his local parent teachers' association and has been playing jazz guitar in the Underground for 15 years, are a cut above the buskers who learn one tune and play it again and again.

Like Moog, he is a professional musician. But playing gigs in pubs and clubs is never going to provide enough of an income. He busks a maximum of three days a week and earns, he says, more than his wife who has a full-time office job.

The Labour government's tightening up of the social security regulations has sent more musicians into the subways.

"Musicians can't sign on any more. You've got to be actively looking for work to receive unemployment benefit," says John, the double bass player. But only the very best can hope to earn enough to survive simply from their music. The rest either have a day job or busk.

There are good and bad pitches. The dank underpasses around Hyde Park Corner are bad. The West End Tube stations, where 10,000 tourists and shoppers an hour stream by, flush with money and the joy of spending, are good. "The people that come down here have just spent £200 on a toy for their child," says Frankie the philosopher. "So to give me £1 is nothing."

There is a strict set of rules determining the allocation of

time. Frankie, Moog, John and a few others control one of the best pitches in town, beside an escalator in one of the central London stations. They arrive early in the

**The dank underpasses around Hyde Park Corner are bad pitches**

morning to draw up the day's list. Each plays for an hour, then passes the pitch on to the next player. The only time the system breaks down is when the police

arrive to move buskers on or when itinerants turn up who are not prepared to honour it. "This spring, says Frankie, there was an influx of Romanian gypsies 'playing strange Balkan music on squeeze boxes. Some of them were quite streetwise; they had missing teeth and scars from fighting'. They invaded the pitch and had to be forcibly persuaded to go elsewhere.

Buskers are a barometer of the economy. When times are good and people feel generous, there are plenty of buskers. "A friend of mine," says Moog, "was playing in the Hyde Park underpass when Charles and Diana got married. Hyde Park was full of people celebrating. People threw notes and gave him bottles of champagne."

During the boom years of the 1980s, the best places to busk was the City. Buskers would arrive at 6am, before the first Underground train, to draw up the day's list. Now bankers are less free with their money and buskers prefer to work the West End. "In a recession, you're the first thing they cut off," says Frankie.

As far as the buskers are concerned, they are musicians, entertainers, at the very least people doing their best to survive in the only way they can.

"Becoming a busker is not what you do because you've hit rock bottom," says Moog. "It's not people who've fallen through the net. You have to be organised with all those fines coming in." Whether they like it or not, they are on the wrong side of the

fence. Their chosen way of making a living is against the law. In modern Britain there is no place for freelance troubadours.

Julius, a 30-year-old ex-public schoolboy who dresses as the cartoon character Sylvester the Cat and plays the trumpet, has had 50 summonses for busking and has been in prison. The other day, he points out, statistics were published revealing that the crime rate on the London Underground has risen by 6 per cent and cases of sexual assault have increased dramatically.

Yet the transport police still spend their time arresting buskers. "The irony of it!" he says. "The crime rate's gone up, people are being accosted - and I'm going to prison just for busking."

**W**hat does *le tour East Coast* see in Martha's Vineyard? I'd been wondering for years what explains the annual migration of East Coast society to a small island off Cape Cod, formerly a Methodist meeting camp.

For the past week, President Bill Clinton has been there, soothing his battered soul and contemplating his stratospheric approval ratings. The Washington media are there, too, recuperating from the tyranny of the 24-hour news cycle. Princess Diana used to love "the Vineyard", as did Jacqueline Kennedy Onassis before her. The place, I surmised, must have something to recommend it.

Perhaps some arcadian amalgam of sun, sea and solitude combined to attract the huddled masses from Pennsylvania Avenue to Central Park West. So was I thinking, at least, as our taxi turned down a sandy track through a tangled wood, en route to the secluded Vineyard beach house where I had been invited to spend the weekend.

Moments later we were deposited on the doorstep of a sprawl-

ing modern villa occupying most of an acre of prime vacation real estate atop a dune overlooking Vineyard Sound. It was the kind of place I imagined, in my urban midwestern mind, might be called a "compound" - as in "the Kennedy compound at Hyannisport", or some other toffs' variety of compound. When I discovered that the house was built around a full-sized squash court, sunk two stories down into the dune, with a gangway slung across it to reach my bedroom, with its surround-sea view, I finally gave in to Vineyard envy.

When I discovered that the phone did not work, and no other dwelling was visible for miles, I knew I had entered nirvana. So with visions of barefoot beach walks and sunrise swims dancing in my head, I snuggled down for a long Vineyard slumber.

Unfortunately, I had failed to reckon with one incontrovertible fact about this island idyll: though it is separated by a glorious wide stretch of water from the Massachusetts mainland, it does not diverge by even a hair's breadth from mainstream American culture.

So early the next morning, just as I was slithering on the sun-screen, my hosts announced an expedition to go shopping. I experienced a sensation which has become familiar to me since returning to the US after 20 years overseas. For accuracy, I will use its technical name: acute acquisition aversion anxiety (AAAA), or shopping shock. The idea of a day spent boutique-hopping the island's bi-jou spending spots - perhaps Amelia's Bloomers for starters, followed by Dream Weaver and Very Vineyard - did

not strike me as inspired.

For I was already on arcadian auto-pilot: my programme called for gentle beach exercise interspersed with prone sunworship. Searching for my blonger size at Amelia's - or even my T-shirt

**I will use its technical name: acute acquisition aversion anxiety**

size at the Black Dog Gift Shop, where Clinton is infamously alleged to have bought a Tee for Monica Lewinsky - was singularly offputting.

But lest my shock turn to full-blown alienation (always a risk for the returning expatriate), I agreed to join the cultural odyssey to nearby Edgartown, where traffic clogs streets designed to accommodate the disposable income of 19th century Methodists, not the whole of Boston, New York and Washington.

Returning to the beach house later that day, defiantly purchase-less, I proposed a swim and saunter. How far could one wander along the strand, in either direction, I inquired? The reply seemed to me evasive until I realised that my hosts had never explored much beyond their own sea frontage - and who could blame them?

It turns out that all the sand, dead fish, seaweed and driftwood right down to the low tide mark is private property. It might be

legal, at the lowest tide, to walk along with feet submerged totally in water, my host surmised. But probably not.

It's enough to drive a girl to shopping. But as it turned out, I was not to be thrown back on the national pastime (that phrase has changed its definition since my childhood, when it was universally understood to mean baseball).

If I could not take my daily constitutional in the fresh air of the seashore - I did try, but was driven back by the glare of outraged sandblows - I would take it even so. I thought of the squash court, but I don't play squash, and as it turns out, neither do my hosts (that court must have seemed a good idea at the time...)

One of the other guests proposed the perfect solution: if I

wanted a walk, I could have it on the treadmill at the local gym. While there, I could catch a bit of the ongoing scandalathon - on continuous show on the TV news channels - and then return, glistening with a patina of sweat-chic, for the sunset.

Later that night, as I was dismembering a boiled lobster at Jacuzzi-side, I suddenly began to get it. There is something to be said for culture comforts, even while on holiday: for that burning Jacuzzi beside me; for the odd treadmill, when you really need one; for bottled water, helpfully labelled "fat free" for ease in gram-counting; even for Amelia's Bloomers.

Some, like me, might secretly hanker for a spot of deprivation, for a world defined solely by sun, sea, sand and saltwater. But deprivation is, as I should know by now, certainly un-Vineyard if not actually un-American. So I say, bring on culture comfort: *le tour East Coast* cannot afford to be wrong.

Charles Mc 1246; 1, Rb1 2 Qx2 N3; 3 Pxd3 Qxd4 (White King) is not possible as in the game.

Dr. J. J. J. J. J.